STATE REGULATION OF BUS TRANSPORTATION

by

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PREFACE

A prosperous and growing country is constantly facing new problems. Investigations are necessary if these problems are to be solved rather than concealed. The writer was impressed by the many newspaper articles discussing the problem of bus regulation and determined to investigate the field.

No attempt has been made to present a complete solution, but it is hoped that the many comparisons made between the regulations of the various states expose some of the chief problems. Neither is the investigation complete as a review of state regulation, since Kentucky and New Jersey have passed new laws since the completion of this thesis. Before a year has passed several other new laws may be expected since nine states hold legislative sessions during the year 1926. Federal legislation, with its effects on state regulation, undoubtedly will not be postponed much longer.

This paper would have been far more difficult had it not been for the splendid cooperation of the various state commissions in furnishing the writer with copies of their laws, and their rules and regulations. Not one state having regulation failed in this respect, and it is greatly appreciated.

The libraries used have been none the less helpful. The writer is greatly indebted to the Chicago Municipal Reference Library, the State Library at Topeka, the library of the League of Kansas Municipalities, and the three libraries of the University of Kansas.
Finally, he wishes to thank those professors in the Department of Economics who have given him valuable advice, and particularly Professor Jens P. Jensen, under whose direction this thesis has been written, for the many valuable criticisms and suggestions that have made the investigation and writing less difficult.

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CHAPTER ONE
INTRODUCTION

RECENT DEVELOPMENTS IN TRANSPORTATION SYSTEM

Within the past ten years a great change has taken place in our transportation system. The motor bus has been one of the chief instruments of this change. It has developed traffic as well as deprived the railroads of some of the traffic that they had developed. The competition, which this new form of transportation has afforded the railroads, is one of the chief reasons why bus regulation has reached its present status. For some time it has been the public policy in the United States to regulate public services. Bus regulation has merely kept pace with our changing transportation system. Fortunately those having to do with bus regulation have taken a broad view of the transportation system, resulting in a better and more permanent system than previously existed.

STATES HAVING BUS REGULATION

The evolution of bus regulation in the states of the United States is probably one of the best indications of the development of this system of transportation that we have. Only nine states do not regulate busses at the present time, and Georgia and Tennessee hold that they have jurisdiction altho they have never exercised it. Eight of the thirty-nine states having regulation, have enacted, for the first time, the statutes for such regulation during the year 1925.

2. Delaware, Florida, Georgia, Louisiana, Mississippi, Missouri, New Mexico, Tennessee and Texas.
3. Idaho, Indiana, Kansas, Massachusetts, Minnesota, North Carolina, South Carolina and Wyoming.
THE EXTENT OF THE REGULATION

The extent of the regulation varies considerably in the different states as will be shown. Alabama regulates only in the matter of taxes and licensing of drivers. New Jersey regulates only those busses operating parallel to and on the same street as a street railway. The Nebraska Commission has exercised its authority chiefly in the matter of insurance of carriers against liability. At the other extreme stand the commissions of those states, such as New York, Pennsylvania, and Washington, that have considerable authority which they have exercised for some time.

COMMISSIONS EXERCISING POWER

In most states the regulatory powers have been delegated to already existing commissions, such as a public service commission or railroad commission. In Alabama the State Tax Commission is the regulatory body. In Idaho it is the Department of Law Enforcement that has authority, and in Kentucky the Auto Transportation Department. The Washington law is administered by the Department of Public Works. Whatever the name of the body the functions are very similar. Very naturally every law refers to the commission to which the administration of the law is to be intrusted, before delegating its powers.

THE FIELD OF THIS THESIS

This thesis is concerned with the state regulation of persons or corporations operating motor vehicles for the transportation of persons for compensation between fixed termini or over a regular route on public highways.

1. See Appendix for a complete list of commissions.
PERSONS OR CORPORATIONS.

The operator is commonly referred to as a person or corporation, seventeen states defining these words in their state laws.¹ The Utah Act, in addition, uses the term "automobile corporation".² Five states define the term "auto transportation company" and four states, "motor transportation company".³

MOTOR VEHICLE

Eleven state laws define the term "motor vehicle".⁴ The Ohio Law uses the term "motor propelled vehicle".⁵ Chiefly those states whose public utilities law also applies to bus transportation use the term "common carrier".⁶ Five states use the term "motor carrier".⁷ Section 5 of the Vermont Law thus defines the term "motor bus": "The term 'motor bus' as used in this act shall be held to include any motor vehicle which indiscriminately carries passengers and incidental freight or express, for hire, regularly over a fixed route or between fixed termini." This definition of the term "motor bus" is understood whenever the term is used in


States using the term "corporation" are: Arkansas, California, Colorado, Connecticut, Kentucky, Minnesota, Montana, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Utah, Virginia, and Washington.

2. Definition 13, Section 4782, Chapter 2.

3. Idaho, Kentucky, Minnesota, North Dakota, and Washington use the term "auto transportation company". Arkansas, California, Ohio, and Oregon use the term "motor transportation company".

4. Iowa, Kansas, Maine, Minnesota, Montana, North Dakota, Oklahoma, Oregon, South Dakota, Utah, and Washington.

5. Section 614-2.


this thesis. Connecticut and Rhode Island use the terms "public service
motor vehicle" and "jitney". "The term 'jitney' shall include any public
service motor vehicle operated in whole or in part upon any street or
highway in such manner as to afford a means of transportation similar to
that afforded by a street railway company, by indiscriminately receiving
or discharging passengers; or running on a regular route, or over any
portion thereof; or between fixed termini."¹ This definition would in-
dicate that the term jitney originated when the vehicle designated by it
was chiefly a competitor of the street car. North Carolina, South Caro-
line and Virginia use the term "motor vehicle carrier".

FOR COMPENSATION

This hardly needs defining. The laws of North Dakota and Oregon
define it however. Section 1 (h) of the North Dakota Law reads as follows:
"The words 'for compensation' mean for remuneration of any kind, paid or
promised, either directly or indirectly. An occasional accommodative trans-
portation service by a person not in the transportation business, while on
an errand for himself, shall not be construed as a service for compensation,
even though the person accommodated shares in or pays the cost of the
service." There are several instances of attempts to avoid this condition.
In York Railway Company v. Longstreet, the Pennsylvania Commission held
that, "The operator of a so-called community bus for the carriage of pass-
engers on regular schedule, not only from a suburban tract to a city, but
between intermediate points, without a fixed charge but advising persons
not to ride on trolley cars but to wait for the bus and give away a nickle,
two cents less than the trolley fare, is a common carrier within the

¹. Section 1, Chapter 77, Public Acts 1921, Connecticut.
Jurisdiction of the Commission and is required to secure a certificate as a prerequisite to operation. In Lehigh Valley Transit Co. v. Bauder the Pennsylvania Commission made a similar decision. "A special arrangement by which passengers of an auto bus line are current members of a 'community auto club', the qualification for which is the payment of one dollar, upon which the members receive seven tickets as a gift, is in the nature of a subterfuge and does not alter the service of the auto bus line as a common carrier." 2

**BETWEEN FIXED TERMINI OR OVER A REGULAR ROUTE**

The term "between fixed termini or over a regular route" indicates that there is an established service which runs with some degree of regularity. Six states define this term and use it in their laws. 3 The term "fixed termini" which is defined and used by Arkansas and Ohio indicates practically the same thing. The Maine Law uses the words "regular routes" in referring to this class of service. 4 This limitation makes the regulation applicable to motor bus service which is similar in character to that offered by railways which operate over their own right of way.

**PUBLIC HIGHWAY**

The writer knows of no bus company operating over a private highway, but regulation is intended to apply only to those operating over a public highway. The term "public highway" is defined by fourteen

1. Public Utilities Reports. 1924 D. Page 750.
3. California, Kentucky, Minnesota, North Dakota, South Dakota, and Washington.
state laws.¹ Three state laws use the term "improved public highway".² The Iowa Law uses a broader term defining the term "highway" to mean "every street, road, bridge, or thoroughfare of any kind in this state".³ The Arizona Commission defines the term "improved state, county or municipal highways", to mean "any State, County or Municipal road or highway or city street on which public funds have been spent for the construction, maintenance, or improvement thereof".⁴

CERTIFICATE

The word "certificate" is used to refer to the certificate of convenience and necessity issued by the various state commissions. Nine state laws define the word "certificate" and it is used by most of them without definition.⁵ North Dakota and South Dakota define and use the word "permit" to designate the same thing. Six states issue different classes of certificates depending upon the kind of service to be rendered.⁶ In these states the Class "A" Certificate is granted for the type of service here considered.⁷

APPLICABILITY

In spite of the careful definition of the law as to the type of carrier that it is intended to regulate, there often arises a question as to whether a service comes within the jurisdiction of the commission or not. A considerable part of the administrative work of the commissions deals with such questions. A decision of the Illinois Commission illus-

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1. Arkansas, California, Kansas, Kentucky, Minnesota, Montana, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Virginia, and Washington.
2. North Carolina, South Carolina, and Virginia.
3. Section 2 (c) Chapter 4, Laws of the Forty-first Assembly.
4. Rule 1. General Order No. 94-A.
5. Minnesota, Montana, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Virginia, and Washington.
7. That is transportation of persons between fixed termini or over a regular route.
trates this point. "A company engaged in transporting passengers by motor
bus over the public streets and highways of the state for hire, accepting
indiscriminately all persons desiring to avail themselves of the facilities
offered, holding itself out to the public and advertising that it would
furnish a definite service for a definite fee, was held to have impressed
the business with a public use making it subject to legislative control as
to rates and other matters within the limits prescribed by the Constitution.”

THE APPROACH TO THE SUBJECT

The phases of regulation to be considered are prerequisites to
operation, rates, service, and administration. The first three of these
chapters are more concerned with the legislative function performed by
the legislatures and the commissions than with the administration of laws
and regulations. The final chapter is devoted chiefly to the administra-
tion of the laws and regulations by the commissions.

Bus Co. See also the following cases:
P. U. R. 1924 A. Page 499. Re: Lester-Hubert Co. (Cal.)
(Illinois)
CHAPTER TWO
PREREQUISITES TO OPERATION

THE CERTIFICATE OF CONVENIENCE AND NECESSITY

The certificate of convenience and necessity is the chief prerequisite to the operation of a motor bus common carrier. Thirty-six of the thirty-nine states regulating buses require certificates, but their character varies somewhat. Of the three states not requiring certificates, Alabama and Nebraska require no permit whatever, and New Jersey merely requires the Board's approval of local licenses in case some part of the bus route parallels on the same street the track of a street railway. The certificate issued by the Massachusetts Commission is rather prefunctory, the local consent being the more essential thing.

The granting of certificates of convenience and necessity is probably the most significant device used by the commissions. It is in the investigation prior to granting the certificates that the commission must exercise the foresight that should characterize such a group of men. The commission in considering the applications must carefully weigh and balance the probable convenience arising from such service, against the cost, in a broad sense, of that service. It must consider the influence on other transportation systems and decide whether an addition to the present service will add to or subtract from the entire service in the end. Its view must be long range, and it must see the "unseen". A very temporary service will do the public little good directly, and it may demoralize competing services to such an extent that, they will long render inefficient and expensive service, in the face of an increasing
demand for that service.

**THE APPLICATION FOR A CERTIFICATE**

The capacity of the commission to weigh carefully the various considerations involved in the granting of a certificate, depends largely upon the information in its hands at the time of the hearing. The logical way to secure most of this information is to require the applicant to furnish as much as possible, because he has a knowledge of some of the important considerations.

**THE FORM OF THE APPLICATION**

It is desirable that the form and content of application be standardized for the convenience in consideration. Pennsylvania requires that the petition be in the form prescribed by the Commission. The form requires the name of the petitioner, a list of franchises obtained from local authorities, a description of equipment, a financial statement, a description of the proposed route, other transportation systems in the territory, and the reasons why the proposed service is necessary. Twenty-five states having regulation prescribe the form of the application, but most of them require it to be accompanied by necessary exhibits, such as route schedules, rather than including them in the petition proper. Ordinarily the chief requirements of the form of petition are that the name and address of the applicant be given, and the names of the principal officers if it is incorporated. Many of the commissions furnish blank forms for the applicant to fill in.

4. See the Application Blank of Nevada.
EXHIBITS TO ACCOMPANY THE APPLICATION

It is in the exhibits accompanying the application, that the company desiring to do business, puts all of its evidence as to the necessity of such service. Besides the required exhibits, the commissions welcome additional evidence that may help in its decision.

EVIDENCE OF CORPORATE CHARACTER IF A CORPORATION

In granting an application the commission must place considerable responsibility upon the receiver of the certificate. It has no desire to grant certificates to fictitious persons, that can not be lawfully controlled. Colorado, Montana, Ohio, and Washington require a copy of the partnership agreement to be filed if the applicant is a partnership. Colorado, Illinois, Kansas, and Nevada require evidence of its corporate character if it is a corporation. Illinois provides that no certificate shall be granted to any public utility, except common carriers engaged in interstate commerce, unless it is a domestic corporation. Rule 4 of the Illinois Commission requires that the application be accompanied by a certified copy of the charter of the corporation. The Washington Department of Public Works made a decision in regard to the same problem. "A co-partnership which is in effect merely a co-operative concern with a dummy partnership to hold a certificate should be granted a certificate for the operation of motor vehicles only upon condition that it be reorganized in such manner that the copartnership owning the certificate will also be the actual operator and entitled to all the receipts from such operation."2

1. Section 28 of the public utilities act of Illinois.
THE FINANCIAL STATEMENT

The financial statement of the applicant gives the commission some idea of the ability of the applicant to inaugurate the service, and the likelihood of permanency of the service when inaugurated. North Dakota requires that the application be accompanied by "A detailed statement showing the assets and liabilities of such applicant". Nine other states have like provisions in regard to this matter.

MAP OR SKETCH OF THE PROPOSED ROUTE

Twenty-six of the states require a sketch or map of the proposed route to be filed with the application. The commission may grant the certificate for all of the proposed route or only a portion of it. Five states require that other and competing transportation systems be shown, for the information of the commission. Massachusetts, Minnesota, Pennsylvania, and South Dakota require that a statement or license be procured from the highway department or the commissioner of highways for the proposed route. The license or permission of local authorities on the route is a common requirement. The Illinois Commission ruled that the objection of a municipality should not be held in itself to constitute a bar to the granting of a certificate. Twelve states, however, require the

1. Section 6 (7) of Chapter 81, Session Laws of 1925.
license or consent of local authorities.

PROPOSED RATE SCHEDULE

It is the rate schedule that portrays the cost of the proposed service to the public, and this must be given due consideration in the decision as to the public convenience and necessity. Twenty-seven states require that the proposed rate schedule be filed. Further consideration of the rate schedule is given in the chapter on rates.

PROPOSED TIME SCHEDULE

The time schedule, on the other hand, portrays the extent of the service to be offered, and the adequacy of that service in relation to the demands of the public. Twenty-nine states require that the proposed time schedule be filed. Further consideration of the time schedule is given in the chapter on service.


DESCRIPTION OF EQUIPMENT

The quality of the service depends considerably upon the equipment. More supervision of equipment was necessary in the early days of bus transportation, when the modern bus had not yet been designed, but oftentimes applicants still desire to use poor equipment. Fifteen states require a list of equipment to be filed. 1

ADDITIONAL PREREQUISITES TO THE GRANTING OF A CERTIFICATE

In order to have all interested parties in attendance at the hearing for the granting of a certificate, it seems desirable to fix a specific time for hearing. The South Dakota law provides that the board shall fix a time and place for hearing, not less than twenty days after such filing. 2 A similar requirement is found in fourteen other states. 3 Kansas, Oklahoma, Rhode Island, South Dakota, and Vermont stipulate that notice shall be given to other competing carriers. Illinois, Kansas, Oklahoma, Rhode Island, South Dakota, and Vermont require notification of interested local officials, in regard to the hearing. Eleven states make the notification more general, by giving notice of the application in the papers. 4

Some sort of a filing fee is desirable to prevent abuse of the right to apply for certificates. California requires a filing fee of fifty dollars. 5 Iowa requires a deposit of twenty-five dollars to secure the payment of costs of the hearing. 6 North Carolina requires an advance pay-

2. Section 10, Chapter 224, Session Laws of 1925.
6. Rule 5, Rules and Regulations of Iowa.
ment on the special tax of two-hundred dollars, to accompany the application. South Dakota requires a registration fee of ten dollars from every applicant, and Washington an application fee of twenty-five dollars. Oregon requires a "Good faith bond of $1,000." to be deposited, with the application. Such a requirement tends to lighten the work of the commission, by lessening the number of applicants.

THE GRANTING OF THE CERTIFICATE

Most states having regulation, follow the policy of restraining useless duplication of service, but they vary considerably as to what is considered useless duplication of service. All of them are striving for the best and the cheapest transportation possible. Some regard free competition, with little regulation, as the best policy to follow, while some go to the other extreme, with all sorts of gradations between the two. The policy of regulated monopoly seems to be the most prevalent at present.

The Department of Law Enforcement of Idaho will issue a "Permit" to anyone upon the compliance with the act. Oregon follows a similar procedure, granting a permit to anyone conforming to the conditions governing any other transportation company. Thus the granting of certificates in these two states is little more than mere registry.

THE ILLINOIS POLICY

The policy of Illinois is representative of a class of states that are a little more stringent in the granting of certificates. The Illinois Commission, in granting a certificate, does not issue an exclus-

1. Page 16, of Commission's Order, March 14, 1925.
2. Sec. 6, (c) Chapter 224, Session Laws of 1925.
3. Rule 20, Rules and Regulations, Department of Public Works.
4. Requirements Class 1, Rules and Regulations of Oregon.
5. Section 4, Chapter 197, Laws of 1925.
6. Sec. 4, Chapter 10, General Laws as Amended by Chapter 205, 1923.
ive grant or monopoly, but remains free to grant as many competing certificates as it sees fit. In practice, however, they are very careful about disturbing existing carriers. Their policy is well put in a decision that was taken to the Illinois Supreme Court.

"The primary consideration in determining whether a certificate of convenience and necessity should be granted for the operation of a bus line in competition with an existing railway is the convenience and necessity of the public as distinguished from any number of individuals who may ask for the establishment of a new transportation facility." In another decision the Illinois Commission ruled that, "The Illinois Commission will grant authority to a motor vehicle transportation company to operate over the same route served by an existing operator when it appears that the public will be greatly convenience and that necessity exists for such service". Other considerations in the granting of certificates by the Illinois Commission are, the experience of the operator, the ability and stability to become a permanent part of the transportation service. In regard to illegal operation the Commission ruled that, "A petitioner for a certificate of convenience and necessity to operate a motor truck service who has operated illegally is not entitled to the same consideration as though he had applied for his certificate before he had commenced to operate". Other decisions by the Illinois Commission

have been in line with these judgments. ¹ Minnesota and Montana have similar requirements. They likewise provide that there shall be no monopoly, but reasonable consideration is given to existing transportation systems.²

THE "MICHIGAN POLICY"

The Michigan Commission differs from every other state in that it gives consideration only to competing motor bus carriers and not to existing railroads.³ The South Carolina Commission may consider existing railroads but this alone is not sufficient reason to refuse a certificate.⁴ The Virginia Law also provides that the presence of existing railroads or other motor vehicles rendering similar service are not sufficient causes for refusal, but may be considered.⁵

P. U. R. 1920 B, Page 310, (290 Ill. 574, 125 N. E. 375).
P. U. R. 1923 A, Page 528, Re: Clark T. L. Truck Co.
P. U. R. 1923 C, Page 57, Re: Chicago N. S. and M. R. Co.
P. U. R. 1923 C, Page 219, Re: Austin Brothers Transfer Co.
P. U. R. 1923 E, Page 524, Re: Suburban Auto Livery Co.

2. Sec. 8, Chapter 185, Session Laws, 1925 of Minnesota.
P. U. R. 1924 B, Page 193, Re: White Star Line. (Montana)
P. U. R. 1924 C, Page 214, Re: Kocin. (Montana)
P. U. R. 1924 D, Page 482, Re: Turner. (Montana)


4. Section 4, Motor Vehicles Common Carrier Act, 1925.

5. Section 3, Virginia Motor Vehicle Law, 1924.
P. U. R. 1924 C, Page 395, Re: Booth. (Virginia)
THE SOUTH DAKOTA POLICY

The law of South Dakota in regard to the hearing on application is representative of another class of states, where no specific policy is adopted, but each case is weighed by the commission on its own merits. The law of South Dakota reads: "If after hearing upon application for a certificate or permit, the Board shall find, from the evidence, that public convenience and necessity require the authorization of the service proposed, or any part thereof as the Board shall determine, a certificate or permit therefor shall be issued. Such certificate or permit shall authorize the applicant to operate as a motor carrier from the date thereof until the first day of July next following. In determining whether or not a certificate or permit should be issued, the Board shall give reasonable consideration to the transportation service being furnished or that will be furnished by any railroad, or other existing transportation agency, and shall give due consideration to the likelihood of the proposed service being permanent and continuous throughout twelve (12) months of the year and the effect which such proposed transportation service may have upon other forms of transportation service which are essential and indispensable to the communities to be affected by such proposed transportation service or that might be affected thereby."¹ Such an enumeration of the things that may be considered gives the Board sufficient power to reject or grant the certificate on practically any ground. Nine other states have similar stipulations, but their laws are all so new that it is impossible to say definitely what policy the commissions will adopt.²

¹ Section 10, Chapter 224, Session Laws of 1925. (South Dakota)
² Arkansas, Indiana, Iowa, Kentucky, North Carolina, North Dakota, Oklahoma, South Dakota, Wisconsin, and Wyoming.
THE CALIFORNIA AND PENNSYLVANIA POLICY

The states of California and Pennsylvania are representative of a class of states where protection is given to adequate service in the belief that the best service is a regulated monopoly or semi-monopoly. Due consideration is given to the convenience and necessity of the public in these states but they believe that a monopoly best serves the public. ¹

The California Commission ruled that, "A certificate to operate an auto stage service will not be granted merely to provide another method of transportation between the two points designated, where it appears that the existing lines are affording adequate service with sufficient facilities for handling all traffic offered".² Likewise in another decision: "A clear and affirmative showing must be made that transportation facilities are inadequate or unsatisfactory before a certificate of public convenience and necessity will be granted for the operation of an additional service".³

The California Commission, however, is not slow to grant another certificate if an operator fails to render adequate and sufficient service.⁴

Other considerations in the granting of certificates by the California Commission are proposed rates, schedules, financial responsibility, availability of equipment, and the relation of the proposed service to present operating lines.⁵ Other decisions by this Commission have been similar in character.⁶

The Pennsylvania Commission appears from its language to have

   P. U. R. 1924 D, Page 835, Re: Hodge Transportation System.
been more solicitous of existing railway carriers than has California.

"The encouragement of motor vehicle operation in new fields opened by state highways and as auxiliary to existing steam and electric railway carriers should be limited to places where public interest will benefit without impairing or destroying the steam and electric railways serving the public within the established fields."¹ Inadequate railway service is not considered sufficient reason for competing bus service. "The operation of an auto bus for hire parallel to an electric railway between municipalities will not be allowed merely because of inadequate railway service; since, if complaint is made against the service, the Commission can order it remedied."² Prime consideration is given to the best service when two services cannot exist side by side. "The Pennsylvania Commission will not authorize the operation of automobiles or auto busses in direct competition with a street railway company, merely because the latter company does not provide adequate or convenient transportation for all who desire to make use of such service and a few may be better served by a jitney operation than by the street car service, where the operation of the automobile competition would probably result in the total abandonment of the street railway service."³ Consideration of the large capital investment of the street railway is made, in the case of threatening competition. Other decisions of the Pennsylvania Commission have, likewise, protected the existing carrier.⁴

Fourteen other states have policies similar to California and Pennsylvania, in that they protect existing monopolistic service so long as it is adequate. Several of these states have had regulation long enough to develop a definite policy in granting certificates.

The Arizona Commission ruled that, "A showing must be clear and affirmative that an existing utility is unable or has refused to maintain adequate and satisfactory service, before a certificate of convenience and necessity will be granted for the operation of an additional service". Likewise, "The Commission in considering the whole matter concerning the operation of a stage line between points herein involved is more thoroughly convinced than ever that its theory of properly regulated, restricted operation, is the only one that will give to the public the service that it is entitled to and a proper rate which will give the transportation company a reasonable return on its investment, and at the same time give a low rate to the public which, after all, is the paramount issue to be considered. A common carrier has only one thing to sell and that is service to the public, and if the public may receive the very best service at the lowest rate, it certainly is not concerned in whether that service is given them by one company or by a dozen". In another case, however the Commission did grant a certificate when lower rates were offered than those of the railroad.

In defining what constituted public necessity, the Colorado Com-

mission ruled that, "It is not required that an applicant for a certificate of convenience show such a condition to exist as makes additional service indispensable to the public, but merely that a reasonable necessity exists as will add to the convenience of the public". In regard to the protection of adequate service, the Commission decided that, "Permission should not be granted to operate a motor carrier service in territory which existing carriers adequately serve or are able and willing to serve". The service must be adequate, however, to be protected, for it was ruled that, "A common carrier must afford reasonably adequate and efficient service to the public to be protected in that service from competition; and evidence of the financial condition of a railroad furnishes no ground of defense or protest to the granting of a certificate of convenience and necessity for the operation of a motor bus line".

The Connecticut Commission has stood for the policy of regulated monopoly and protection of existing carriers. In Re: Bridgeport the "Application by owners of motor vehicles for certificates of convenience and necessity to operate jitneys in a city were denied on the ground that, although frequent jitney service might prove a temporary convenience, it would ultimately result in the abandonment of the street railway with all the consequences of such abandonment upon future public convenience and necessity". "The Connecticut Commission is authorized by statute to select one person or company from a number of applicants for certificate to operate motor vehicles and, by granting it alone a certificate as to a certain route,

create what is in effect a monopoly."¹

In Re: Portland Taxicab Co., the Maine Commission established the principle that, "Certificates permitting the operation of motor vehicles for carrying passengers for hire over regular routes between points served by steam and electric railways should not be granted when the existing service is reasonable, safe, and adequate as required by statute".² The Maryland Commission rendered a very similar decision. "The Maryland Commission has adopted the policy that when a public utility is rendering to the public a service reasonably adequate, intelligently and economically operated, that utility will be permitted to earn a fair return on the property dedicated to the public service after payment of operating expenses, taxes, and a reasonable allowance for depreciation, provided such return can be secured through rates not above the value of the service and the utility will be protected against unnecessary, undue, and indiscriminate competition."³

The Nevada Commission is one of the commissions that have regulated motor busses for some time, during which they have rendered some unique decisions. The Nevada Commission has protected both existing railways and existing motor bus carriers against competition. In Re: Interurban Transit Co., the Commission held that, "A railway, which is established and has made a substantial investment, should be protected, and its equipment and service should be improved rather than permit competition by an automobile service".⁴ In another case the auto stage company was protected against railroad competition. "An auto stage company, seeking a permit to

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² Conn. Sup. Ct. Err. (97 Conn. 458, 117 Atl. 494)
operate between certain points where there is no railroad service, should
not be limited to operation until such a time as a nearby railroad should
see fit to extend its service over the same route. "1 "An existing auto-
mobile stage operator should be required to furnish adequate service if
practical in order to avoid duplication, in preference to the admission
of a new operator."2 In the case Re: Moana Bus Co., the Commission could
not decide which of two applicants the certificate should be given to, so
both were given them, with the idea that, it would become a case of the
"survival of the fittest".3 The Commission has held that, "Priority in
the filing of an application for a certificate of convenience and necessity
for the operation of an automobile route has even less weight than priority
of actual service".4

The New Hampshire Commission refused a certificate on the ground
that no complaint had been made in regard to existing service.5 In two
other cases certificates were denied on the ground that existing services
were equipped adequately to accommodate the public, and that there was not
enough traffic for two carriers.6

In defining the phrase "convenience and necessity", Commissioner
Irvine of New York said, "Taking the phrase as an entity, it does not mean
to require a physical necessity or an indispensable thing. It is danger-
ous to undertake to formulate abstract definitions in deciding a concrete
case, but we take it that for such purposes as are involved in this end

1. P. U. R. 1921 E. Page 41. Re: Virginia City- American Flat Stage Co.
similar applications, a public convenience and necessity exists when the proposed facility will meet a reasonable want of the public and supply a need, if existing facilities, while in a sense sufficient, do not adequately supply that need. In a later case it was held that, "The word 'convenience' as connected with the word 'necessity' is not connected as an additional requirement but to modify and qualify what might otherwise be taken as the strict significance of the word 'necessity' and the phrase 'public convenience and necessity' cannot be split in two for the purpose of argument, since to analyze and give each word a separate meaning would be an extraordinary departure from the usual course of the human mind." 

The New York Commission has tried to avoid all unnecessary competition, between bus lines as well as between other common carriers. The depressed financial condition of electric and steam railroads, immediately after the war, was given consideration in the case Re: Gaiser. In the case Re: Demoney, the evidence of a general passenger agent of a railroad that a proposed stage route would divert from thirty to fifty per cent. of the local passenger traffic, was taken as sufficient reason to grant the certificate. Where the present carrier is unable to handle all of the traffic in a satisfactory and adequate manner a certificate is granted for the operation of a competing auto bus. The New York Commission has

refused certificates when the petitioner had no funds to finance the enterprise and no definite plans for securing them. 1

The policy of Ohio in granting certificates has been well put in the case Re: McLain. "A certificate authorizing the operation of a motor transportation line should be granted only when the existing transportation facilities, including railway as well as automobile carriers, do not or cannot be made to meet the demands of the public convenience." 2

The Rhode Island Commission took a similar position in Re: Applications for certificates to operate jitneys. "The operation of a competing jitney and street railway service over the same route, does not subserve the welfare of those requiring urban or suburban transportation where the service rendered by the street railway is reasonably adequate for the reasonable demands of the public making use of such service." 3

The Vermont Commission held that the law entitled it to be more than a mere registry for those desiring certificates. 4 In the same case it required evidence of the present service, and how the public would be benefited by the proposed service.

The Washington Department of Public Works was upheld by the Washington Supreme Court in its policy of protection of adequate service by a monopoly. The Court held that, "The Washington Department of Public Works has power to issue a certificate to operate a motor bus line in territory already served, only after an investigation of existing service and rates and after an order entered directing the present operator to

change its schedule of rates, and a refusal to obey that order. Pre-
cedence in time of application, is not a controlling consideration, al-
though it may be taken into consideration, in deciding which of two ap-
plicants shall be granted a certificate. This decision was also upheld
by the court on two different occasions.

THE UTAH FEEDER SYSTEM

The Utah Commission has adopted the policy of granting certi-
ficates to existing carriers to establish automobile feeder systems where
routes are not served by the railway. In Re: Streeper, the Commission
asserted its contention that, "The best interests of the general public
are served by the stabilization of public service agencies operating in
a given field rather than permitting them to be subjected to the ruinous
hazard of competition." The Commission refused the certificate in the
application of Frost on the ground that the existing taxicab and livery
service were adequate, and that the stage rates would be higher.

All of the states requiring certificates of convenience and
necessity, automatically granted certificates to those companies operat-
ing in good faith at the time of the passage of the act. They are sub-
ject to regulation, otherwise, in a manner identical to that of those
granted certificates afterwards.

v. Dept. of Public Works. (--Wash.--, 206 Pac. 21)
Dept. of Public Works. (--Wash.--, 214 Pac. 164)
Dept. of Pub. Works. (--Wash.--, 223 Pac. 1048)
INDEMNITY BOND OR INSURANCE

Companies operating bus transportation systems are usually of moderate size, especially those just entering the field. With such small capitals, an accident resulting in the company being sued is likely to result in disaster to the company, the public or both. Indemnity bond or insurance is a method commonly used for the protection of both. The protection of the company is to the interest of the public since it depends upon continuity of service.

Idaho requires insurance or surety bond, "providing for compensation in the amount of not to exceed $5,000.00 for any recovery for personal injury suffered by one person, $10,000.00 for recovery for personal injury suffered by all persons injured while being transported in each vehicle equipped to carry not more than twelve passengers, $15,000.00 for personal injury suffered by all persons injured while being transported in each vehicle equipped to carry not more than twenty passengers, $20,000.00 for recovery for personal injury suffered by all persons injured while being transported in each vehicle equipped to carry more than twenty passengers".¹ Five other states require indemnity insurance or bond in like amounts.²

Virginia requires insurance or surety bond, providing for compensation in the amount of $5,000.00 for any recovery for personal injury suffered by one person, and $10,000.00 for recovery for personal injury suffered by all persons injured while being transported in any one accident.³ Arizona, Oklahoma, and South Carolina provide for indemnity

¹ Section 3, Chapter 197, Laws of 1925, of Idaho.
² Oregon, Michigan, Montana, North Carolina, and Washington.
³ Rule 38, Virginia Rules and Regulations, 1925.
insurance or bond in like amounts.

Maine and Connecticut provide for insurance or bond in the amount of $5,000.00 for any recovery for personal injury suffered by one person, and $10,000.00 total recovery by all persons in an accident with a sixteen passenger bus or less, and $20,000.00 total recovery by all persons in an accident with a bus of more than sixteen passenger capacity.

Iowa and Nebraska demand insurance or bond in the amount of $5,000.00 for any one person and total insurance or bond in the amounts of $10,000.00 for a bus of less than eight passenger capacity, $12,000.00 for an eight to twelve passenger bus, $15,000.00 for a thirteen to fifteen passenger bus, and $5,000.00 additional insurance for each additional five passenger capacity more than a fifteen passenger capacity bus.

Ohio requires insurance or bond for the amount of $6,000.00 for any one person and a total insurance of $12,000.00 for a bus of less than eight passenger capacity. For buses of more than seven passenger capacity, $6,000.00 additional total insurance is required for each additional five passenger capacity.¹

Kansas requires an insurance of $5,000.00 for any one person, and total insurance of $10,000.00 for less than eight passenger capacity, $20,000.00 for eight to twelve passenger capacity, $25,000.00 for thirteen to eighteen passenger capacity, and $35,000.00 for nineteen to twenty-four passenger capacity. For all buses of more than twenty-four passenger capacity, $50,000.00 total insurance or bond is required.

Wisconsin requires $2,500.00 insurance for any one person, and

¹. Section 26, Ohio Rules and Regulations, 1925.
$5,000.00 total insurance for all passengers in an urban bus. $5,000.00 insurance per person is required for any one person in an interurban bus, and $15,000.00 total insurance for all passengers in a bus of less than fifteen passenger capacity, and $30,000.00 total insurance for all passengers in a bus of more than fifteen passenger capacity.

Arkansas specifies $5,000.00 insurance for any one person and $10,000.00 total insurance for all passengers in a bus of less than thirteen passenger capacity. $20,000.00 total insurance is required for thirteen to twenty passenger buses, and $50,000 for all buses of more than twenty passenger capacity.

North Dakota requires $5,000.00 insurance for any one person, and $10,000.00 total insurance for all passengers in a bus of less than eight passenger capacity. $12,000.00 total insurance or bond is required for buses of nine to twelve passenger capacity, $15,000.00 for buses of thirteen to fifteen passenger capacity, and $20,000.00 for buses of sixteen to twenty passenger capacity.

West Virginia exacts $5,000.00 insurance for any one person, and $10,000.00 total insurance for less than eight passenger capacity buses, $15,000.00 for eight to twelve passenger capacity, $25,000.00 for thirteen to twenty passenger capacity, $40,000.00 for twenty-one to thirty passenger capacity and $50,000.00 for more than thirty passenger capacity busses.

Minnesota demands the largest indemnity insurance of any of the states, requiring $10,000.00 insurance for any one person, and $20,000.00 total insurance for less than thirteen passenger capacity busses, $50,000.00 for thirteen to twenty passenger capacity, $75,000.00 for twenty-one to thirty passenger capacity and $100,000.00 for more than thirty passenger
capacity busses.

Insurance is not always required in Illinois, since corporations only, operate bus lines in that state. If no insurance is provided, a sworn statement must be made that the operator can pay damages. If bond is given it is for the amount of $20,000.00 and if insurance is given $10,000.00 per vehicle is required.

Indiana requires $5,000.00 insurance for any one passenger and $50,000.00 as the total for all passengers without regard to the size of the bus. Rhode Island requires insurance of $500.00 for each passenger and a total of $20,000.00 as the maximum. New Hampshire specifies $500.00 for each vehicle and $100.00 additional for each passenger. South Dakota requires $1,000.00 to $50,000.00 as proportioned by the Board. Nevada requires a bond of $500.00 to $10,000.00 as specified by the Commission. Vermont requires insurance or bond but does not specify any particular amount. Pennsylvania leaves bonding to local authorities, but corporations subject to the Public Service Commission Law are exempt from bond.

The fact that twenty-nine of the states require a bond of some sort shows how important it is considered. If companies become larger in the future, they may better provide their own insurance, but until that time comes we may expect an important prerequisite to operation to be an insurance policy or bond.

THE PAYMENT OF FEES AND TAXES

The one remaining prerequisite is the payment of license fees and taxes, but this can better be considered in the chapter on the regulation of rates.
CHAPTER THREE

THE REGULATION OF RATES

THE DOUBLE OBLIGATION OF THE BUS TRANSPORTATION COMPANY

The bus transportation company is obligated to the public whom it serves and to the investors who supply the capital for the service. Like the railroad it is obligated to the public to furnish good transportation service, but unlike the railroad it is dependent upon the public for furnishing the road upon which the busses run. The railroad has a toll charge or expense, because of the cost and maintenance of the right of way, which is fixed in amount without much relation to the amount of traffic. The earnings on this investment in the case of the railroad goes to the investors, and is not easily distinguished from the investment in operating equipment. The obligation of the bus transportation company to the public for furnishing the road upon which it operates may or may not be represented by a tax or fee, but it is none the less an obligation. Whether or not this obligation should be crystallized in the form of a tax will be considered later in this chapter.

The present chapter is concerned with the regulation of rates or what the public pays for the service. It need not be emphasized that the service furnished is closely related to the cost of furnishing that service. The public is interested in good service at the lowest possible rate. The public would be dissatisfied with supreme service at excessive costs. Likewise it would be dissatisfied with very poor service at very low rates. This idea has been well put in an Interstate Commerce Commission Report. "Good
service and unreasonably low rates are antagonistic ideas; if the latter are insisted upon, the former is not to be expected. The public can never be in the wrong in demanding good service when fair rates are conceded; and an enlightened public sentiment will never object to fair rates, when it is understood that good service is conditioned upon them.  

Generally speaking there will be some rate which is considered equitable. That is, it satisfies the investor or he would not furnish the capital, and it satisfies the public fairly well or it would not use the service. At some rate or rates there is a balance of utilities. The railroad is said to be fulfilling its obligations to the public and to the investor. A study of government regulation leads one to conclude that the attainment of this equilibrium is left largely to the companies concerned. Laws are generally judicial in character empowering the commissions to listen to the complaints and to investigate the causes thereof and the remedies therefor. For the commissions to do more would be well nigh impossible, therefore they aim at ameliorating evils when they are discovered, or preventing them when they can be forecast.

PRINCIPLES OF RATE MAKING

Rates are usually based upon the cost of service; the value of service; or some combination of these two principles. In the case of bus transportation the chief elements of cost would be operating costs; taxes upon the property as such and as payment for the use of the road, and the cost of passenger liability. Since the receipts must cover these costs or the service will not be furnished, rates based upon the cost of service might be considered as minimum rates.

Rates based upon the value of service are not so easily explained. If wheat is worth twenty cents a bushel more in Liverpool than in New York, one might say that the value of transportation from New York to Liverpool is twenty cents per bushel of wheat. On the other hand wheat is probably twenty cents per bushel cheaper in New York than in Liverpool because the rate is twenty cents per bushel. Value of transportation is an elusive thing that must be treated with care. Place utilities are real, but their exact measurement is difficult. Measurement of the value of passenger transportation is still more difficult. We do not think of a man as being twenty cents more valuable in one place than in another. A man might rather pay fifty dollars to ride a short distance than not go at all. A farmer may live and die in a community without seeing the rest of the world when for a very small expenditure he could travel quite widely. In spite of these difficulties in arriving at the value of a service we have a more or less hazy conception of the value of service. Rates based upon the value of the service might be considered as the maximum rates. If the service costs more than the customer believes it is worth he will not use it.

"Charging what the traffic will bear" is equally as hazy, as charging according to value. In most respects it is quite similar to it, since the value of the service is the maximum rate that can be charged. The general conception seems to be that there is a rate which will yield the largest returns to the company. The rate may just pay for the operating expenses on one commodity, but another commodity can bear a rate which will pay much more than the operating expenses entailed. Any commodity paying more than the operating expenses is valuable, but the greater the amount it will pay above operating expenses the better. "Charging what
the traffic will bear" applies chiefly to the transportation of a great
many commodities. Since bus transportation is concerned chiefly with
passengers, we are not greatly concerned with this principle. Of course
if a motor bus is competing with a railroad hauling various commodities
as well as passengers, the motor bus rate influences greatly what the rail-
road can successfully charge for its passenger service.

At present the chief principle of rate making seems to be the cost
of service plus a reasonable return upon the investment. This may mean al-
most anything. Railroads in the past have not kept a very close account of
the investment. Much has been invested that was listed under operating ex-
penses, and the capital value of many investments is itself calculated upon
the income from the investment, rather than upon the original outlay.

Probably no one principle of rate making was ever used exclusively,
nor is it desirable that it should be. The transportation company is faced
with many problems in rate making, and a knowledge of these principles is de-
sirable. The commission supervising rate making should likewise bear all of
them in mind. The special cases with which the commission concerns itself,
demands that it keep all of them in mind, or it will work a hardship on some
concerned.

The cost of service plus a reasonable return on the investment
should bear a close relation to bus rates, because busses transport pass-
engers only. They have one rate between two towns because they are con-
cerned with one "commodity". It should be comparatively easy for them to
allocate costs. With the experience in the valuation of railroad invest-

1. Practically all busses carry hand baggage for passengers and some
carry mail and express packages of small size.
ments, better account should be kept of the investments made in bus trans-
portation. By supervision of incorporation, stock issue, accounting, and
valuation the investment which is expected to make a reasonable return will
be more definitely known. Likewise supervised accounting will portray the
operating cost. The total costs might then be distributed much easier than
is possible in the case of railway rates. This shows the importance of the
regulations considered in this chapter in the regulation of rates.

Railroads are usually able to give lower rates with increased
traffic, because fixed charges for right of way do not proportionately in-
crease. For this reason it is generally conceded that railroads should be
monopolies. This line of reasoning seems to have been taken in granting
bus transportation companies a monopoly. Some states grant a monopoly to
buses evidently because they think they can give lower rates. Their
regulations in this matter may not be justified since bus operating ex-
penses are much nearer in proportion to the amount of traffic. The taxes
for the use of the road are usually proportionate to the traffic, so the
bus transportation business does not seem so definitely subject to increas-
ing returns.

**STATES HAVING REGULATION OF RATES**

Thirty-four of the thirty-nine states having bus regulation em-
power their commissions to supervise and fix rates. One of the five not
having rate regulation, New Jersey, gives its commission supervision of
rates if some part of the bus route parallels on the same street the track

1. In Re: Mingus Mountain Stage Co., Docket No. 1667-A-544, Decision
No. 1691; Aug. 11, 1923. The Arizona Commission.
2. See Taxes.
3. The five states which do not regulate rates are Alabama, Idaho,
Massachusetts, Nebraska, and New Jersey.
of a street railway, but this amounts to little or no regulation since a bus company to avoid regulation will stay off of the route parallel to a street railway. An intercity bus company can well avoid all regulation. Two of the states which do not have rate regulation, Alabama and Idaho, might be considered to have indirect regulation of rates by taxation. However this is so indirect that although it affects rates it is not rate supervision. The thirty-four having rate regulation vary greatly in extent of the supervision, as will be shown by what follows.

APPLICATION FOR CERTIFICATE TO BE ACCOMPANIED BY A SCHEDULE OF PROPOSED RATES

The requirement, that the application for the certificate of public convenience and necessity be accompanied by a schedule of proposed rates, gives the commission considerable power over rate making. If the rates do not appear fair and reasonable to the commission they will certainly turn down the application. For this reason the company is likely to submit about as reasonable rates as it feels it can afford to charge. If there are any dissatisfied with any rate or rates in the schedule they may be objected to by either the commission or any interested party, and the certificate may be refused. Wisconsin grants a certificate annually to the motor carrier, if the rates appear reasonable and forbids changes in rates during the year that the certificate is in operation. This seems to be a simple but effective form of regulation. Twenty-three states require that the application for a certificate be accompanied by a

1. Local authorities have considerable supervision in New Jersey.
schedule of proposed rates.

FILING OF RATES SCHEDULE WITH THE COMMISSION

Closely related to the requirement that the application for a certificate be accompanied with a schedule of rates is the requirement that all rates be filed with the commission. This requirement is especially applicable to changes in rates, new lines and extensions. The bus company is required to charge only the rates filed with the commission. In case of charges brought against the bus company the commission has the rate schedules to refer to. All of the states regulating rates, with the exception of Rhode Island, require that the schedule of rates be filed with the commission, and the statutes of Rhode Island give the commission power to require that they be filed.

Some states prescribe the form of passenger tariffs, specifying the size, whether printed or typed, and general form and compilation. This requirement facilitates the work of the commission, and insures reasonable tariffs for public distribution. Small companies may feel that this requirement is an unjust burden upon them, but it is a price that must be paid for the public convenience. States prescribing the form of passenger tariffs are California, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Montana, Nevada, North Dakota, Ohio, Oregon, South Carolina, Utah, Virginia, and Washington.

Two states prescribe the information to be included


2. See Sec. 11 of Chapter 2221, the January Session of 1922 of the State of Rhode Island and Providence Plantations.
in the tariffs, without prescribing the form. They are New York and North Carolina.

Carriers operating before the passage of the motor bus laws are ordinarily automatically granted certificates of convenience and necessity, but this does not free them from filing rates schedules with the commission. An Illinois operator attempted to avoid this requirement, giving as an excuse that he wanted to experiment with different rates, and not be bound with a fixed rate schedule. The Illinois Commission held that it could not relieve him from compliance with the law.¹

As was said before, the public is interested in getting the best transportation possible at the lowest price. The requirement that applicants file their rate schedules before being granted a certificate, enables the commission to give different schedules of rates proposed by different applicants due consideration. The California Commission indicated in a case that this would be its practice.²

SCHEDULE OF FARES AVAILABLE FOR PUBLIC INSPECTION

For the convenience of the public it seems desirable to have the schedule of passenger fares available for public inspection. It enables the traveling public to ascertain the cost of traveling by bus as compared with railroad travel. It should help to prevent discriminations and enable the bus company to keep a check on its passenger ticket agents. The public can not very easily enter a complaint before the commission in regard to rates unless it knows something about them in general. Colorado requires that passenger tariffs be printed and kept open for public inspection.

while Connecticut requires that they be issued for public distribution.\(^1\)

California has the following requirement in regard to this: "A copy of each tariff issued must be posted for the information of the public in each waiting room at stations where tickets are sold and established freight depots. In the absence of waiting room, ticket office or established freight depot, the driver of each vehicle will be required to carry copies of tariffs, same to be submitted to passenger or shipper for inspection upon request."\(^2\) Twenty-seven states have rules requiring copies of tariffs to be posted for public inspection.\(^3\)

**POWER TO FIX FARES AND RATES**

Power to supervise fares does not necessarily mean that the commission has power to fix rates. Most states do not require their commission to fix rates originally, but give them power to revise the submitted schedule. This does not mean that they do not have power to make the complete schedule if they find it necessary. Ordinarily the submitted schedule is approved within the required time unless someone registers an objection. In case of objection they may hold a formal hearing if it seems advisable to the commission. Of the thirty-three states exercising the rate making power, only two make fixing necessary in all cases.\(^4\) Even these two may not interpret the law as requiring fixing in all cases. The Colorado Law admits of wide interpretation. "The power and authority is hereby vested in The Public

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2. California Railroad Commission, Rule 9 b.
4. States having this power are the same as the above list with the addition of Kentucky, Maine, Minnesota, Oklahoma, Wisconsin, and Wyoming.
Utilities Commission of the State of Colorado, and it is hereby made its duty to adopt all necessary rates, charges, and regulations to govern and regulate all rates, charges and tariffs of every public utility of this State as herein defined. Likewise, Kentucky makes it the duty of its commission "to fix, alter and regulate the tariff charged by such auto transportation company;"

**POWER TO CHANGE FARES AND RATES**

The states having power to fix fares and rates very naturally have power to change them, but the methods of changing them vary considerably. As before mentioned, Wisconsin has power over rates, but after the commission has granted the annual certificate it has no power to regulate rates. This saves the commission some time, but it must be made up for at the time of granting a certificate. Ordinarily commissions do not change rates except upon the petition of the company or upon the petition of the public, but they have power to make investigations and changes upon their own motion. They are likely to make such an investigation if the annual reports show excessive profits. It sometimes happens that a carrier petitioning for an increase in rates, starts an investigation that leads to having them lowered. The Pennsylvania Commission turned down a petition for an increase in rates when the company was already earning fifty percent on the investment. This seems to be an excessive return, but it was ruled that, "The Pennsylvania Commission will not regulate small auto bus lines under the same standards of valuation and return that apply to utilities in which capital in large amount has been

2. Kentucky Motor Bus Law, Section 3.
invested by incorporated companies." Probably they consider that there is
more risk in the small companies to invested capital. Commissions do not
agree as to what is a fair return on the investment. The California Com-
mission ruled that, "A return of 29.15 percent on the investment in an au-
tomobile stage equipment is excessive". A petition for rates increase is
usually granted on the basis of a statement of financial operations and
situation. In another case before the California Commission a company was
permitted to raise the rates because they, "are unjust, unreasonable, and
insufficient."

It seems reasonable that a bus company should have its rates so
regulated that it would earn about the same on its invested capital as any
other utility regulated. The California Commission ruled that, "Applicants
for increases in rates for transportation of persons or property by motor
vehicles must meet the same requirements as to proof as any other public
utility". The Utah Commission held that reduced patronage resulting in a
loss for operation, justified an increase in rates. Some companies have
attempted to capitalize their certificate as a franchise and take it into
consideration in rate making. A California company attempted to capitalize
its franchise at ten thousand dollars on one route, but the Commission made
the ruling that, "The Commission will not allow in a rate basis of any car-
rier any amount for so called operative right, other than the expense actu-
ally paid for the securing of a certificate of public convenience and neces-
sity". On the basis of this decision it would not beehove a company to

pay very much for the operating right in buying out another company.

During an investigation it may seem desirable to cause a temporary suspension or reduction of the existing rate schedule. This provision also takes care of the desire for excursion rates. Those states having regulation of bus rates can suspend rates if they find it necessary, but only eight states make special provision for so doing.¹

The determination of what are fair and just rates is largely a question of judgment of the commission, and the commission is obliged to consider each question upon its own merits. The law of Wyoming provides that, "In determining what are just and reasonable rates the Commission may take into consideration depreciation of plant, obsolescence of equipment, expense of operation, physical and other values of the plant, system business and properties of the public utility whose rates are under consideration".² In the determination of fair and just rates three states give consideration to the kind of service and the effects on other carriers through unreasonable competition. The law of South Dakota reads: "In fixing the tariff or rates to be charged for the carrying of persons and/or property the Board shall take into consideration the kind and character of service to be performed, the public necessity therefor and the effect of such tariff and rates upon other transportation agencies, if any, and as far as possible avoid detrimental or unreasonable competition with existing railroad service or service furnished by a motor carrier".³ Minnesota

¹ See the laws and regulations of California, Nevada, New York, Oregon, Pennsylvania, Vermont, Virginia, and Wyoming.
² Wyoming Public Utilities Act, Section 21.
³ Section 3, Chapter 224, Session Laws of 1924 of South Dakota.
and North Dakota have almost identical provisions in their bus laws.

It is interesting to know that the famous "Long and Short Haul" principle is applied to bus rates also. Nine states authorize its consideration. California might be considered a tenth state in view of a decision made in regard to it. The California Commission held that, "An auto stage company should not be allowed to charge a higher local rate in order to discourage as much as possible the use of the line by the public for short haul unprofitable traffic, and to deflect such traffic to competitors". Another type of discrimination was ruled against in the same decision: "The rates of an auto stage company should be on a parity with its competitors not only to certain selected points desired by the company, but to all points." Colorado, Pennsylvania, Utah, and Wyoming provide for reparation for discriminatory rates, while Colorado, Montana, Nevada, and North Carolina prohibit rebates except upon the authority of the commission. To prohibit discrimination seventeen states rule in regard to the granting of free or reduced transportation, specifying the circumstances under which it is permissible.

Although rates for chartered parties do not come under regulations for operations between fixed termini under schedule, three states, Arkansas, Minnesota and New York provide for it. It might be considered as coming under their authority when the buses operating for chartered parties are

1. Section 4, Chapter 185, Session Laws of 1925 of Minnesota.
also operating under a certificate of public convenience and necessity.

ADOPTION OF RATES

When one company takes over the operations of another company it may be desirable to adopt as a whole the schedule of rates used by the carrier taken over. Eight states regulate in this matter. Rule 54 of the Washington Department of Public Works gives an approved form of adoption notice and specifies the content and rules pertaining thereto. It requires that the notice be filed with the Department and posted for the benefit of the public.

TICKETS AND SALE OF TICKETS

Commissions also have authority over tickets and sale of tickets. Six states exercise this authority in prohibiting the sale of tickets by others than the company on a commission basis except as approved by the commission. The California Commission exercised its authority in a little different way. In the case Re: Lloyds Transportation Company they found, "that the present practice of selling fifteen-ride commutation tickets without time limit is unreasonable and that a time limit of thirty days for these tickets is reasonable".

AUXILIARY TO THE REGULATION OF RATES

The Commissions supervise bus transportation companies in a number of ways that are not directly concerned with rate making, but are essential to intelligent rate making. The commission must know something of the affairs of the company as well as the public in order to make

equitable decisions. It must look after the affairs of the company to prevent it from bad practices that would later impair its service, or its ability to provide cheap transportation and still earn a fair return for the investor. The auxiliary supervision would include company reports, accounting methods and practices, incorporation and capitalization, and the taxation of the company. These will now be considered in their turn.

REPORTS TO THE COMMISSION

Probably any commission having jurisdiction over motor busses could of necessity force a company to make reports, and be upheld in it by the courts. The states having particular provision for periodical reports number thirty-two, without New Jersey. The purposes of the reports vary, but the chief purpose seems to be in the regulation of rates and services. A financial report of the company's operations enables the commission to regulate rates in accordance with earnings. Twelve state commissions prescribe the forms for reports, enabling them to use them to better advantage.

In order to make special reports to the commission upon demand, full records must be kept. In California, "the Commission requires that the records of the automotive transportation companies shall be kept with sufficient particularity to show fully the facts pertaining to all

1. New Jersey has supervision over busses paralleling street car tracks on the same street only. States requiring periodical reports are: Arizona, Arkansas, California, Colorado, Connecticut, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Montana, Nevada, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming.
2. For instance Arizona uses them for tax purposes as does Idaho.
entries made. Where the full information is not recorded in the general books, the entries therein must be supported by other records in which full details must be shown.\(^1\) Iowa, Montana, New York, North Carolina, and North Dakota also require that full records be kept. Washington requires that certain statistical data be kept on file.\(^2\) Eleven states require that daily records of each vehicle's schedule be kept.\(^3\) Probably this is required for use in case of the settlement of claims. They should be of more service in the regulation of bus service than in the regulation of rates. Several states require explicitly that full reports be made to the commission on demand.\(^4\)

This requirement makes it necessary for the company to keep full records pending such a demand. The Rules of the Montana Commission state that, "Each company is required, however, to keep daily trip records giving complete statistics and these records must be placed on file in the general office of each company so that the Board can ascertain at any time the number of passengers and (or the amount of freight and) or the amount of express transported and the revenue derived therefrom between any two or more points for any period desired.\(^5\)

New York provides a penalty of one hundred dollars for each and every day the company shall be "in default with respect to such annual report, amendment, answer or periodic report.\(^6\) This should prove quite effective.

3. Iowa, Kansas, Maine, Montana, North Dakota, Ohio, Oklahoma, South Carolina, Utah, Virginia, Washington.
5. Rule 99, of the Board of Railroad Commissioners of Montana.
Supervised Accounting

Rate making on the basis of fair return on the investment requires good accounting methods. A uniform system of accounts greatly simplifies the task of supervision by the commission. The laws of twenty-two of the states permit the commissions to prescribe a uniform system of accounts. 1 Nine of these states issue a uniform system of accounts that are to be used. 2 In addition to these Iowa, Kansas, Maryland, Ohio, Utah and Vermont require an annual report of receipts and expenses on a prescribed form. It is interesting to know that all nine of those commissions prescribing a uniform system of accounts, inaugurated it since 1923 and all but North Dakota since 1925. Evidently it has been found necessary for their proper regulation. Probably the rapid increase in the use of motor bus transportation has had something to do with it.

North Dakota, the first state to prescribe a uniform system of accounts for auto transportation companies, has the most extensive system. 3 It divides the accounts into balance sheet accounts, property and equipment accounts, operating revenue accounts, operating expense accounts, and profit and loss accounts. They give general instructions and definitions, and a text for each account. The texts contain one hundred and fifteen items, so that there should be little trouble in knowing where each item belongs. The booklet contains thirty pages in all, and should prove good for reference.


3. Uniform System of Accounts for Auto Transportation Companies as prescribed by the Board of Railroad Commissioners of North Dakota.
for other utilities commissions as well as bus operators. South Dakota also publishes a very satisfactory uniform system of accounts and in addition gives a number of forms valuable for the bus operator. 1

The Accountants Group of the American Electric Railway Association approved a classification of accounts for bus transportation companies, very similar to one already advocated by the Bus Transportation Magazine, at its meeting Monday, October 5, 1925. This classification is given complete in Bus Transportation, together with comments by the editor. 2

The decisions of the Nevada Commission in a comparatively recent case have an important bearing upon the accounting practices of auto transportation companies. 3 "The operating expenses of an auto truck line should include compensation for the owners at the same rate paid to drivers when the owners devote their entire time to driving trucks and conducting the business." "A gasoline tax should be added to the operating expenses of an auto truck company." "The annual cost of ordinance licenses should be included in estimating the expenses of an auto truck company." "No depreciation on equipment which has lived its estimated life in service can be charged as an operating expense." The California Commission ruled that, "Interest on investment in equipment is not a proper charge to operating expenses". 4 Such decisions as these are useful for reference even when the state commission prescribes a complete uniform accounting system. The decision of the California Commission before referred to, might again be

1. Laws, Rules, Regulations, Uniform System of Accounts of South Dakota.
   Page 302.
mentioned in consideration of this question, where the Commission would not allow for a valuation placed upon the operative right in excess of the actual expense of securing it.\textsuperscript{1}

Twelve states require that the accounts of the company shall be open for inspection by the commission or its representatives.\textsuperscript{2} This enables the commission to determine the veracity of reports and accounts.

**VALUATION**

The laws of seven states specify that the commission may regulate in the matter of valuation.\textsuperscript{3} Probably all of the states having control over rates would thereby be given authority over valuation. The California law does not specifically grant the commission power to supervise valuation, but it has assumed this power nevertheless.\textsuperscript{4} The decision of the Nevada Commission in regard to depreciation is one of valuation.\textsuperscript{5} The California Commission ruled in regard to depreciation also holding that, "An allowance of fifty percent for the annual depreciation of an auto stage equipment is excessive".\textsuperscript{6} In another case the California Commission allowed twenty percent for depreciation.\textsuperscript{7} Undoubtedly as bus transportation companies become larger and more common there will be more cases in regard to valuation.

**SUPERVISION OF INCORPORATION AND CAPITALIZATION**

Seven states are given authority to supervise incorporation and capitalization by their state laws, but the commissions of California,

\begin{itemize}
  \item 1. P. U. R. 1921 A. Re: Crown Stage Co. Page 747.
  \item 3. Colorado, Indiana, Nevada, New York, Pennsylvania, Utah, and Wisconsin.
  \item 7. P. U. R. 1924 D. Re: Lloyds Transportation Co. Page 483.
\end{itemize}
Illinois and Kansas are the only ones that are active in the use of that authority.\(^1\) Stock issued in Illinois without authority is void, and this is similarly true in California and Kansas.\(^2\) California requires the permission of the Commission for the issue of any evidence of indebtedness payable at a date more than a year distant. The California Commission exercised its authority in regard to the sale price of securities. "The price at which the outstanding stock of an auto stage company might be acquired was held not to govern the commission in fixing the minimum price at which common stock should be issued."\(^3\) Six other states have rulings in regard to the encumbrances to be put on the property. Such provisions enable the commission to insure that the company does not become so involved that it cannot render satisfactory service. A company with little encumbrances can better weather a period of stress. Those states having supervision of incorporation and capitalization and those which have the same law for motor busses as other public utilities provide for reorganizations and consolidations. It would seem that there might be more consolidations take place in the bus transportation field in the next few years. Consolidations of companies operating from a large city seem feasible. There is some doubt as to consolidations of lines similar to our trans-continental railroads since busses do not own their own roadway and for this reason do not operate under conditions of increasing returns. The very nature of the bus business at present does not point to such consolidations although there are some very long routes in operation. Some think that eventually busses

will be operated by the railroads as a unit closely related to their railroad service. 1

The transfer of operating rights is closely related to reorganization and consolidation. The usual condition of the granting of a certificate is that any transfer of it in the future is to have the approval of the commission. This applies to leasing as well as sale. Twenty states regulate in this matter. 2 In California, "An application for permission to operate through service under two or more certificates held by the same individual, copartnership, or company operating motor vehicle line should be denied unless it is shown that public convenience and necessity requires the inauguration of this service". 3

TAXATION

The taxes here to be considered are those in addition to the regular property taxes. They are taxes or fees on the motor bus common carriers as such. The purpose of such taxes is for regulation. The desire has been to make the busses pay for the wear and tear on the road and place them, at the same time on a more equitable basis of competition with the railroads. The railroads as competitors have been the first to insist and the most insistent that the busses be taxed for the purpose of repairing the damage done to highways. 4 The railroads in general have felt that they were being submitted to unfair competition because the bus

1. Report of Special Committee IV of the Chamber of Commerce of the U. S. Nov. 1924.
unlike the railroad had no investment in permanent highway. The bus did not have to make a toll charge upon passengers so long as no special taxes were levied upon them. It has been admitted for some time that taxes of this sort were fair, but just what kind was not easy to decide. At the present time we have a wide variety in the various states. None of them make any serious attempt to exactly equalize the toll charge of the railroads. That the user of the service pays eventually, only in so far as he is a taxpayer, is quite evident. F. R. Fageol, a prominent bus manufacturer advocates a gasoline tax as the most fair means, if it were made sufficiently high to maintain the highways. Mr. Fageol also quite appropriately suggests that the money raised should go into the highways instead of being consumed by its own overhead. T. H. MacDonald, Chief of the bureau of public roads, shows that the bus operator pays more per ton for the use of the road than do the railroads for the upkeep of track and right of way. Since Mr. MacDonald does not give full consideration of the railroad's investment in right of way, his figures cannot be used to prove that the railroads and the buses are operating on an equitable basis as yet.

The taxes vary greatly in amount and in form. They may be classified as Extra Licenses, Capacity Taxes measured by tonnage and seating capacity, Gross Income Taxes, and Mileage Taxes. Those combinations of capacity and mileage taxes are classified as capacity taxes. Montana and South Dakota have two kinds of taxes in use.

Extra license fees are for the filing of applications for certificates of convenience and necessity, for applications for transfer of certificates, for duplicates of certificates, and for applications to mortgage certificates. California has a filing fee paid only with the application for certificate. Minnesota has an application fee for certificates, transfer of certificates and for duplicate certificates. Montana has a fee for duplicate certificates, authority to mortgage certificates, and for duplicates of official receipts. Oregon has a fee of $10.00 per vehicle per year. South Dakota has an application fee for a certificate of $10.00. Washington has an application fee, a transfer fee, a mortgage fee, and a duplicate certificate fee. The fees for application for certificate vary from $10.00 to $50.00. The transfer fees vary from $5.00 to $25.00. The mortgage fees vary from $5.00 to $5.00. Duplicate certificate fees are $2.50 and $3.00. Montana charges $1.00 for official receipt.

Eleven states have capacity taxes measured by seating capacity. Arizona, Maryland, Virginia and West Virginia have this tax on the basis of mileage. In these states the tax varies from one fiftieth of a cent per passenger mile to one seventh of a cent per passenger mile, allowance being made in Maryland for the weight of the vehicle and whether it has pneumatic tires or not. Of these states taxing according to seating capacity only, Alabama has by far the highest taxes, and Montana the lowest. Alabama charges $100.00 or $150.00 for anything up to a five seated vehicle and $10.00 per seat for extra seats. Montana charges $8.00 for a five passenger vehicle, $9.00 for a six to ten passenger vehicle, and $10.00 for an

1. Alabama, Arizona, Kansas, Kentucky, Maryland, Montana, North Dakota, Ohio, South Carolina, Virginia, and West Virginia.
eleven to twenty passenger vehicle.

Iowa and Michigan have capacity taxes measured by the rated tonnage. Iowa requires \( \frac{3}{4} \) of one cent per ton mile of travel for pneumatic tires, and \( \frac{1}{2} \) of one cent per ton mile of travel for solid tires. Michigan has a tax of \( \$1.00 \) for each one hundred pounds of weight.

Connecticut, Idaho, Nevada, North Carolina, South Dakota, and Washington levy a tax on motor bus operators on the basis of gross income. Washington charges only one percent while North Carolina charges five percent. South Dakota charges three percent for pneumatic tires and four percent for other tires. All of these taxes with the exception of Washington are evidently intended to contribute considerable sums towards the repair of the roads damaged by the buses.

Oklahoma and Utah have a special kind of tax. Oklahoma levies one fifth of a cent per mile of actual travel by a motor bus. Utah levies a tax of two and one half mills per passenger mile for passengers actually carried. It is for this reason that they have been termed mileage taxes.

Three states specify that there shall be no other local taxes except Ad Valorem. ¹ Heavy local taxes levied in addition to the state taxes prescribed by some of the states would indeed make a cause for grievance.

Sixteen states make provision for the disposition of the tax money, requiring that it be put into a road fund after paying the expenses of administration and enforcement. ² This helps to insure that the money will be wisely spent for the benefit of those bearing the burden.

1. North Carolina, Ohio, and Virginia.
2. Idaho, Iowa, Kentucky, Maryland, Michigan, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Utah, Virginia, and Washington.
CHAPTER FOUR

THE REGULATION OF SERVICE

THE NEED FOR REGULATION OF SERVICE

From the public point of view the service rendered by motor bus lines in furnishing a means of travel is the reason for their existence. State regulation of motor bus transportation is undertaken chiefly in the interest of better service for the public. The fact that so many states now have bus transportation regulation indicates that it is generally believed that regulation is necessary for the best of service. If more than one company is in operation over a route, competition with its rate cutting may result in inferior service.¹ The bus company may provide well appearing busses and at the same time neglect other less obvious, but just as essential things requisite of good service. If one large company has a monopoly, there exists the temptation to skimp on the service in order to show a better rate of earnings on the investment. Most states are careful not to permit more operators on a route than the route can support and continue to render good service.² Another consideration prompting regulation of service is the relation of the bus company to the rest of the traveling public not using their service. It is true that state legislative regulation for bus service must be limited to general provisions, but the need for such regulation is very evident. This is a day of travel and the public demands not only reliable service but also fairly frequent service. Since the legislatures cannot control directly, they must entrust the regulation to administrative commissions.

STATES HAVING REGULATION OF SERVICE

All of the thirty-nine states having bus regulation, with the exception of Alabama, regulate service. Alabama exercises control only through its taxing power, and by licensing drivers of busses. To this extent, all states licensing drivers, might be said to regulate service. New Jersey regulates busses whose route parallels on the same street the track of an electric railway. Since so few busses operate on this type of route, we are not particularly interested in the regulations of New Jersey.

FILING DESCRIPTION OF EQUIPMENT WITH COMMISSION

The commission first exercises supervision over service when the company seeking a certificate of convenience and necessity files a description of the equipment to be used. Fourteen states require that a description of equipment be filed.¹ This applies to companies that automatically acquired a certificate because of operation previous to the passage of the law.

ADEQUATE EQUIPMENT

Equipment must be adequate and comply with all motor vehicle laws. Twenty-two of the states regulate specifically in regard to the equipment.² One state, Iowa, requires that no vehicle be put into operation until an "Equipment Certificate" has been secured from the Board.³

Eight states regulate in regard to reserve equipment, and most of them require that the commission be notified whenever a new vehicle, not registered, is put in operation. Likewise, eight states make provision for reserve busses. The rule of West Virginia in regard to reserve equipment is the most stringent. "It shall be the duty of the grantee of a permit to operate over a regular route or between fixed termini to maintain sufficient reserve equipment to insure the reasonable maintenance of schedules. The reserve vehicles shall not be less than the following number: For not exceeding four regular vehicles, one reserve vehicle; for not exceeding ten regular vehicles, two reserve vehicles; for not exceeding twenty regular vehicles, three reserve vehicles; exceeding twenty regular vehicles, four reserve vehicles." This rule although stringent, is desirable if there is much trouble with crippled vehicles. Vehicles are now much more efficient, than they were when the predecessor of the motor bus came into vogue. New York early made a decision against cheap second-hand vehicles. The adequacy of equipment is closely related to the financial sufficiency of the company and the requirements of the public for such service. To insure that companies proposing to enter the field will be able to serve the public adequately, ten states require them to submit a financial statement with the application for a certificate.

1. Montana, North Dakota, Ohio, South Carolina, Utah, Virginia, Washington, and West Virginia.
2. Arizona, Arkansas, Illinois, Iowa, Kansas, Maryland, North Dakota, and South Carolina.
DESCRIPTION OF BUSES

The description of buses includes such items as the state license number, the year and trade name, the engine number, the number of miles operated, the dimensions, the capacity, the horsepower of the motor, and the bus permit number if operated previously within the state. Such requirements aid the commission in its work of supervision of equipment. They are also used in the insurance of passenger liability.

THE EQUIPMENT OF BUSES

Most of the states supervise in regard to the equipment of buses. Twenty of the states prescribe in regard to lighting. Buses not only must have adequate lighting for driving at night, but they must have interior lighting, and signal lights. Connecticut has the most unique provision in this regard. Rule 32 provides, that, "Every jitney shall be equipped with lamps of not less than twelve candle power each, said lamps to be so distributed as to adequately light all parts of the interior". Rule 31 provides that "Two standard purple lights with lenses not less than three inches in diameter and lamps of not less than six candle power shall be displayed on every jitney in connection with the destination sign. No colored lights other than the standard purple are to be visible from the front of any jitney." Rule 37 provides that "Every jitney must be equipped with signal lights, visible from the rear, having yellow lenses not less than four inches in diameter and lamps of not less than twenty-one candle power.

1. See the regulations of Vermont, New Hampshire, Ohio, and West Virginia.

These signal lights shall be in a series with a monitor light installed on the dash, visible to the operator, and connected with both foot and hand brakes. In addition, Rule 36 provides: "Every jitney shall be equipped with a tail light as provided by law, with red lens to be not less than three inches in diameter, and the lamp of not less than six candle power".  

South Carolina has a provision, in addition to the motor vehicle law, in regard to lights. "No motor vehicle shall leave the terminus on any trip requiring travel after one-half hour after sunset, or before one-half hour before sunrise, unless its lighting system is in proper condition. Should the lighting system become defective or out of order, the vehicle shall be brought to a stop at a point off the line of travel of the roadway and shall not proceed until defect is remedied, or if unable to remedy operator may proceed to nearest place for repairs." All of these exterior lighting provisions have to do with the safety of operations. Although there may be some question as to the feasibility of regulating interior lighting, none can question the necessity for good exterior lights. Provisions for heating of busses are not absolutely essential to the safety of passengers, but they are essential for their comfort, particularly in the Northern states where busses are operated all winter. It would seem to the interest of the companies, to provide proper heating, if they intend to operate during the winter, but sometimes they cannot be trusted to look after what would appear to be to their own interest. Some bus lines have no competition whatever to force them to give adequate service. Seven states have rules in

2. Rule 60 of the Regulations of South Carolina.
regard to heating of busses. Michigan provides for safety of heating device: "No motor vehicle used by a common carrier for transportation of passengers or freight shall be heated by means of any stove or other device heating by means of fire or flame or by means of any electric coil". Iowa provides for heating, ventilation and smoking in one rule. "Passenger carrying motor vehicles shall be properly ventilated at all times and shall, when weather conditions require, be heated so as to be reasonably comfortable for passengers. No smoking shall be permitted in closed busses, except in the smoking compartment, and a notice to this effect shall be posted in each bus." Motor busses in motion generally provide plenty of ventilation, and possibly too much. In the future we may expect more states to regulate in this matter.

The thirty-eight states, regulating service, have an almost endless array of minor equipment or accessories requirements. Thirteen states require a fire extinguisher as equipment. Twelve states require busses to carry extra serviceable tires. Nine states require that non-ski chains be carried as regular equipment. Fourteen states provide for speedometers to be used and in working order.

1. Iowa, Michigan, Minnesota, Montana, North Dakota, Ohio, and Washington.
3. Rule 50 of the Rules and Regulations of Iowa.
West Virginia require a detached gas tank for the safety of passengers. Connecticut, Michigan, New Hampshire, New York, and West Virginia provide for an emergency door. Seven states rule in regard to brakes. \(^1\) Connecticut, North Carolina, Ohio, Oklahoma, and Oregon rule in regard to warning devices. Connecticut requires an annunciator, although this would not seem essential for interurban busses. \(^2\) Ohio and Iowa provide for red signal lights and flags. The Iowa provision in this regard reads: "Every motor vehicle shall be equipped at all times with two (2) red flags and two (2) red lights of suitable size to be used in flagging approaching trains when in danger at railroad crossings. Such lights shall be kept in good working order at all times." \(^3\) Rule 27 of Iowa requires that motor busses shall be equipped with dependable windshield wipers.

Other minor equipment requirements are, right-hand doors, mirrors, bumpers, flashlights, tool-kits, guard rails, driver's partition and window guards. Such a wide variety of equipment requirements may seem to be unnecessary, but very likely they are the result of cases actually coming before the commissions needing settlement. As times goes on, one need not be surprised if more are added.

In addition to the accessories already named, it is usual to require that there be certain signs and licenses posted in or on the bus. Twenty-three states require the posting of the certificate of convenience.

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1. California, North Carolina, North Dakota, Ohio, Oregon, Utah, and Vermont.
and necessity, or the certificate number. Kansas requires that the
license card issued upon the payment of the license fee shall be posted.
Kansas also requires that carriers shall have a mark on each side of the
vehicle indicating that it is a licensed carrier of Kansas. Ten states
require that route and destinations signs be posted on each carrier.
Four states provide that the driver's name and license card be posted.
Michigan requires the posting of the operating company's name. All of
these provisions tend to make more effective the carriers' responsibility
for their operations.

Adequate Terminal and Station Facilities

Up to the present time, the buses were practically the sole
necessary equipment of a bus transportation company. The bus found no
difficulty in getting its capacity load at some street corner, a store,
or a hotel. This day is passing, with the development of the system,
just as the railway box car depot became obsolete. Connecting bus lines,
branch lines, and the longer lines now coming into existence, demand suit-
able terminals and comfort stations. Some of the larger companies have
already provided stations where passengers may get meals enroute if they
so desire. But, the fact that some companies have dealt so well with the
public does not insure that all will. Seven states definitely provide for

1. Arizona, Arkansas, Connecticut, Iowa, Kansas, Kentucky, Maine,
   Maryland, Michigan, Minnesota, Montana, North Dakota, Ohio, Oklahoma,
   Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont,
   Virginia, Washington, West Virginia, and Wisconsin.
2. Rule 58 of the Kansas Rules and Regulations.
3. Rule 36 of the Kansas Rules and Regulations.
4. Connecticut, Maryland, Montana, New York, North Dakota, Oklahoma,
   Utah, Vermont, Washington, and West Virginia.
bus stations, and it is believed that the public utility laws of New York would permit the commissions to require them. The rules and regulations of North Carolina and Oregon provide that there shall be a rest room; that it shall be sanitary, warm, and well lighted. North Carolina provides that it shall have an attendant, and that tariffs, time and route schedules shall be posted. North Carolina also provides for union bus stations in certain cities.¹ Forcing companies into such close relations may be a step towards consolidation of smaller companies into larger units. The Nevada Commission ruled that it could not require auto truck lines to establish depots, under authority of the statute requiring railroads to establish them.²

SAFETY, CONORT AND CONVENIENCE OF THE PUBLIC

Safety provisions are for the human and uncertain factors that relate to service. The finest equipment available will not always insure the best of service. The character of the service rendered to the public depends largely upon the conduct of every public servant supplying the transportation. The commissions are agents of the people (through the legislatures) for the regulation of human conduct, in the furnishing of services to the people.

OPERATORS

The safety of the traveling public depends to a large extent upon the health, skill, and knowledge of the drivers of the busses. Maine, North Carolina, South Carolina, and Utah provide that the driver may be ex-

examined as to his competency to operate the vehicle to be entrusted to him. Twenty states require a license for drivers of auto common carriers.¹ Of these Alabama, Maine, North Carolina, Ohio, and South Carolina require a fee for the license. Five states require that the driver wear a badge designating him as a licensed driver.² None of the states require that the driver be bonded.

There are certain requirements that should be met by the driver of a bus, the states varying considerably in this respect. Fifteen have an age minimum for their drivers.³ Six require that the operator have previous experience.⁴ Kansas requires at least two years of experience in operating motor vehicles.⁵ Ten states specify as to the mental fitness of the driver,⁶ and twelve as to his physical fitness.⁷ Eighteen have requirements as to morality of the driver.⁸ Arkansas rules: "No person shall be allowed to drive a motor vehicle for themselves or any motor transportation company, who is a cripple, or subject to epileptic fits, or whose eyesight is impaired, or one who is a user of intoxicants."⁹

1. Alabama, Arkansas, California, Colorado, Idaho, Iowa, Maine, Minnesota,
North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island,
South Carolina, Utah, Vermont, Virginia, Washington, and West Virginia.
3. Alabama, Arkansas, California, Idaho, Illinois, Iowa, Kansas, Maine,
Nebraska, North Carolina, Ohio, Oklahoma, Oregon, South Carolina,
and West Virginia.
4. Illinois, Kansas, Maine, Ohio, Oklahoma, Utah.
5. Rule 33, of the Kansas Rules and Regulations.
6. California, Idaho, Iowa, Kansas, Maine, Montana, North Carolina,
North Dakota, Oregon, and West Virginia.
7. Arkansas, California, Idaho, Iowa, Kansas, Maine, Michigan, Montana,
North Dakota, Ohio, Oregon, and West Virginia.
8. Alabama, Arkansas, California, Idaho, Iowa, Kansas, Michigan,
Minnesota, Montana, North Dakota, Ohio, Oklahoma, Oregon, South
Carolina, Utah, Virginia, Washington, and West Virginia.
9. Rule 17 of the Rules and Regulations of Arkansas. (N.B. The grammatical error is in the original text.)
Directly dependent upon the driver is his manner of driving. Reckless driving is an evil that sixteen states attempt to curb. The schedule should be such that the driver does not need to be reckless in his operation of the bus. Idaho, North Carolina, Ohio, and Utah have rules requiring drivers to slow down for curves, bridges, and other dangerous places. Idaho, Michigan, and North Carolina rule that there shall be no racing. Nineteen states require that the bus be brought to a complete stop before crossing railroad tracks. 

Arkansas requires that the driver be courteous to and considerate of the traveling public. Eight states rule that the driver shall not disturb the peace or make any unnecessary noise in soliciting passengers. New Hampshire, Ohio, and West Virginia forbid talking by the driver while driving. Twenty-six states require that drivers report accidents involving loss of life. Rule 10 of the South Dakota Board provides the following regulation: "Accidents arising from, or in connection with the operation of motor vehicles used in the transportation of persons or property resulting in any injury to any person, or in damage to any property exceeding the sum of fifty dollars ($50.00), shall be immediately reported.

1. Alabama, Arkansas, Maryland, Michigan, Minnesota, Montana, Nebraska, North Carolina, North Dakota, Ohio, Rhode Island, South Carolina, Utah, Virginia, Washington, and West Virginia.
to the Board of Railroad Commissioners, Pierre, South Dakota, in writing.

Such reports must be plainly typewritten on one side of the paper only and shall set forth: 1. The time and place of the accident. 2. The names and addresses of the owners of all vehicles involved. 3. The names and addresses of the drivers or operators of all vehicles involved. 4. The state license number, make, and type of all vehicles involved. 5. The number of passengers, if any, in each of the vehicles involved. 6. The names and addresses of persons injured or killed. 7. The names and addresses of witnesses, if any. 8. A full and complete report of the accident; cause, party or parties responsible, if any; condition of roads, weather conditions; speed of vehicles involved, etc. 1 The requirement that accidents be reported is one of the earliest regulations made for the supervision of bus operations. 2

**OPERATION**

Equipment is made for a maximum load, and overloading endangers the safety of passengers. Interurban busses are not likely to overload as much as city busses. Connecticut requires that a sign be placed at the entrance indicating the capacity of the bus. 3 This tends to shift the responsibility to the passengers. Twenty-three states prohibit overloading. 4 Twenty-one of the states prohibit outside passengers. Eight states rule in regard to the amount of baggage, 5 and thirteen prohibit protruding

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1. Rule 10 of the Rules and Regulations of South Dakota.
Seven states forbid trailers behind buses. Eleven states forbid discrimination between passengers when the load is being made up. Fifteen states forbid the carrying of explosives or other dangerous materials by passenger vehicles. A passenger bus is intended for the transportation of passengers, and should not be loaded with any dangerous material, if the safety of the passengers is to be regarded. The requirement that buses draw up to the curb for loading is found in several of the states.

Provision for the health of the drivers is quite essential to the safety of passengers. Twelve states have rules in regard to this. Rule 69 of Washington provides, "No auto transportation company owning, controlling, or operating or managing any motor vehicle used in the transportation of persons or property, shall cause or allow any driver or operator of such motor vehicle to work as a driver or operator for more than a maximum of ten (10) driving hours in any twenty-four (24) hour period and such driver or operator shall have at least eight (8) consecutive hours' rest in each twenty-four (24) hour period". In a hearing before the California Commission it was ruled that no individual should drive regularly and continuously for a distance of approximately five-

2. California, Montana, North Dakota, Ohio, South Carolina, Washington, and West Virginia.
5. Arizona, Arkansas, California, Colorado, Iowa, Montana, North Dakota, Oklahoma, Oregon, South Carolina, Virginia, and Washington.
hundred miles. The common though erroneous conception is that driving is easy work, and this gives ample reason for such regulations.

One necessity for the safe operation of buses is the periodical inspection of such vital parts of the buses as brakes, steering gear and the lights. Some companies provide for this, but a small company lacking reserve equipment is likely to neglect it. The regulations of Connecticut, New Hampshire, New York, South Dakota, and Vermont provide for periodical examinations. Inspection by the commission or representatives is provided for in eighteen states. The commissions of the rest of the states having regulation could undoubtedly make inspections if they so desired.

Measures looking towards the protection of the health of passengers may be considered as safety regulations. Regular inspections by the commission may insure sanitation. Thirteen states provide that buses shall be kept sanitary at all times. Rule 52 of the Ohio Commission provides that, "All motor vehicles shall be maintained in a safe and sanitary condition at all times and shall at all times be subject to inspection by the Commission and its duly authorized representatives".

The convenience of patrons is dependent upon regular and continuous service by the bus company. Nineteen states have rules in regard to

2. California, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Montana, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, Virginia, Washington, West Virginia, and Wyoming.
Ordinarily interruptions that are unavoidable must be reported to the commission. North Carolina provides that the commission may order suspension of service when the condition of the highways demand it. The Washington Department denied an application for a certificate because the applicant had totally disregarded the rights of the public for regular service and had violated the rules of the department governing interruptions of service. In granting a certificate Arizona gave consideration to the necessity of operating auto stages during all kinds of weather under all conditions. The Nevada Commission held that "The practice of telephoning ahead to a stage station to inquire if there would be passengers is not a feasible way of safeguarding the public served by a motor vehicle route". In Re: White Star Line, the Montana Commission rendered the decision that: "The obligation of a motor transportation company which has professed public service is to serve at any and all events, acts of God alone excepted, and the obligation implies not only regular arrivals and departures but dependable transportation continuously offered and not subject to the caprice of managers or the condition of the carrier's finances". Nothing is gained by instituting a service and then discontinuing it after finding it unprofitable, and it sometimes results in harm to the competitors. More thought should be given by operators proposing service so that there

2. Section 3 (f) of the Bus Regulation Law of North Carolina.
will not need to be so many discontinued services. Seventeen states rule in regard to the discontinuance of service. Most of them require hearings before the commission. Rule 51 of the Ohio Commission states that, "No motor transportation company shall discontinuance the service called for under its certificate and time schedule filed thereunder, without first having given to the Commission and to the public at least ten days' notice in writing of the intention to discontinue such service, and having secured from the Commission permission so to do". Regular and dependable service depends upon substitutions of emergency vehicles. Ten states provide for substitutions. Usually such substitutions must be reported.

It often happens that conditions of the road necessitate detours. They should be avoided as much as possible, but there are times when it is absolutely necessary. Nine states provide for detours, usually requiring that they be reported to the Commission, as to their cause and probable duration. The California Commission refused to permit a company to include in its tariff a provision for detours, where such detours were to be made at the discretion of the drivers with no set limit as to their extent.

A unique regulation, applying to the relations between competing carriers, for the convenience of passengers when a bus is disabled, is found in six states. This provision requires the driver of a vehicle to stop on

1. Arkansas, Illinois, Kansas, Kentucky, Maryland, Minnesota, Montana, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, Utah, Vermont, Virginia, Washington, West Virginia.
2. Indiana, Kansas, Kentucky, Maryland, Michigan, Montana, North Dakota, Ohio, South Carolina, West Virginia.
3. Arkansas, Connecticut, Iowa, Michigan, Minnesota, Ohio, South Carolina, Utah, and West Virginia.
5. See the regulations of Montana, North Dakota, Ohio, South Carolina, Virginia, and Washington.
signal and receive passengers from a disabled vehicle to the extent of its unoccupied carrying capacity. 1 This necessitates the compensation of the carrier taking the passengers by the carrier operating the disabled bus. Such a requirement suggests that more than one carrier over a given route is sometimes desirable.

SCHEDULES

In order that the public may know of the facilities offered by the busses it is necessary to have schedules of routes and of the time of arrival and departure of vehicles. As before mentioned there must be some regularity of route and time if the public is to use the facilities offered.

ROUTE SCHEDULES

A usual requirement for a certificate of convenience and necessity is that the application be accompanied by a map or sketch of the proposed route, giving the exact length of the route and intermediate portions of it. 2 This map or sketch is usually required to show competing transportation systems, including railroads, for the information of the commission. By virtue of the power of approval, of the commission, the carrier is forced to make the route in conformity with the wishes of the commission. Thus, the commission may require a complete change in route due to competitive lines under consideration. 3 Massachusetts, Minnesota, Pennsylvania, and South Dakota require that the route be approved by the Division of Highways or the Commissioner of Highways. Twelve states require that proposed

1. Rule 14 of the Washington Department is a good example.
3. See Rule 14 of West Virginia.
changes in route be filed with and approved by the commission. Several states require that daily records be kept of each vehicle's schedule, evidently for reference purposes in case of claims on insurance policies of the company. Arizona, Connecticut, and Montana require that routes be published and posted before the inauguration or change of route. All such regulations are not very burdensome and they may be very useful.

TIME SCHEDULES

Adequacy of service is closely related to the time schedules of bus companies. The proposed time schedule is given consideration in the hearing of applications for certificates. Twenty-nine states require that the proposed time schedule be filed with the application. When the certificate is granted on the basis of the time table, no change can be made therein without the consent and approval of the commission. Thus the twenty-nine states can very well order a change in the time schedule if they see fit. Arkansas and North Carolina have provisions for alternating periods of departure for competing lines. Maryland provides that buses be operated in rotation of permit numbers. All of the states require that the time table published be adhered to.

Nine states prescribe the form of the time table. The form pre-

1. Illinois, Indiana, Maryland, Maine, Michigan, Ohio, Oklahoma, South Carolina, Utah, Vermont, Washington, and West Virginia.
4. Special Rule 2 of Maryland.
5. Iowa, Montana, Nevada, North Dakota, Ohio, Oregon, South Carolina, Virginia, and Washington.
scribed by Oregon is fairly representative of this requirement. The content of the time schedule is prescribed in many states. Sixteen states require that the time of arrival at and departure from each terminal be given. Thirteen states require that the time of departure be given for stations between terminals. Eight states require points on route where service is not rendered to be shown and reason given for not giving service. Sixteen of the states require that the time schedules as filed with the commission, be published and posted in bus terminals and conspicuous places, before the inauguration of or change in time.

The regulation of time and route was one of the first regulations undertaken by commissions. The Utah Commission held in 1919 that, "Permission cannot be granted for the operation of a public stage line, without limitation as to the time of arrival or departure at any point, and without specified termini". The Pennsylvania Commission rendered an important decision in the same year. "The issuance of a certificate of public convenience for the operation of autobusses between two designated points over a named route includes the right to operate between intermediate points on the designated route, and the refusal to permit competitor to operate between the termini includes the denial of the right to operate between intermediate

2. Indiana, Iowa, Kentucky, Maine, Michigan, Montana, Nevada, North Dakota, Ohio, Oregon, South Carolina, Utah, Vermont, Virginia, Washington, and Wisconsin.
4. Iowa, Montana, North Dakota, Ohio, Oregon, South Carolina, Virginia, and Washington.
The right of a commission to regulate service is thus seen to cover a wide range of activities. Many commissions having the power, as granted by the law, have not yet fully utilized it.

CHAPTER FIVE
ADMINISTRATION

THE COMMISSION AS AN ADMINISTRATIVE BODY

Laws, rules and regulations require enforcement if they are to be of any use. This chapter is concerned with means of enforcement of what already exists on the statutes and in the books of rules and regulations published by the commissions. Particular attention will be given to the execution of the laws, investigations by the commissions, court procedure, and conflicts in jurisdiction. Good administration depends upon competent officials quite as much as upon good legislation. Good laws do lighten the work of the commissions, and no commission can make up for the lack of minimum legislation. The Idaho Commission has had much difficulty in enforcing its new bus law because the law is so broad in its terms and makes insufficient provision for necessary expenditures of the Commission. 1

INVESTIGATIONS

Commissions ordinarily have supervision over so many public utilities that it is impossible for them to know immediately of all abuses. Investigations by the commissions as the result of complaints make up a large part of the administrative work of the commissions. Any of the commissions having supervision can undoubtedly make any investigations that they see fit. Five states provide that the commission may investigate upon its own motion or upon complaint. 2 Pennsylvania makes investigations upon complaint by petition. 3

Four states provide that the commissioners or officers and employees may enter the property of public utilities to make investigations. Colorado, Minnesota, and New York require that commissioners, officers and employees be given free transportation when in the performance of their official duties. The reports, and official inspections before mentioned are invaluable in making investigations of complaints.

**SERVICE OF NOTICE**

Decisions of the commissions are served on the parties involved, informing them of the rulings of the commissioners. The Public Utilities Act of Wyoming provides that: "Service on any person of any notice or order or other matter under the provisions of this act may be made by mailing such notice, or order or other matter, or certified copy thereof in a registered letter requiring receipt, directed to the public utility at the principal office of such public utility in this state." Similar provisions are found in the public utility laws of all the states. States having special enactments for regulation of busses do not have separate provisions in their bus transportation law, for the serving of notices.

**COURT PROCEEDINGS BY THE COMMISSION**

The Colorado Law makes the Commission a court that can institute proceedings to the same extent and in the same manner as courts of record. This empowers them to issue summons, subpoenas, warrants of attachment, and warrants of commitment. Four other states have similar provisions.

Hearings by the commissions necessitate the attendance of witnesses.

3. Section 45.
for testifying. In addition to those states providing for court proceedings, California, Pennsylvania, and Wyoming provide for the attendance of witnesses. This includes provision for witness fees.

ENFORCEMENT

The enforcement of the orders of the commissions is an important feature of the regulation of busses. Sufficient funds at the disposal of the commission is a prerequisite to the use of any means of enforcement.  

Penalties and court proceedings are the chief means of enforcement.

PENALTIES

Revocation or cancellation of the certificate of convenience and necessity is the chief penalty for violation of the law or the rules of the commission.  

Thirty states provide for the cancellation of certificates.  

The nature of bus transportation makes it possible to cancel certificates much more easily than for other public utilities, since the property of a bus company is movable. It is not to be supposed that certificates will be cancelled without a full hearing since that would be held to be confiscation of property without due process of law.

The same number of states provide fines and jail sentences for

   P. U. R. 1922 E. Page 656, Re: Pickwick Stages.
violation of the law. Enforcement by this means would likely involve the use of the courts.

**COURT PROCEEDINGS**

Proceedings in the regular courts are at times necessary to enforce the rulings of the commission. Colorado and Utah provide that the attorney of the commission may commence action in the district court. The law of Wyoming makes the Attorney General the legal advisor and representative of the Commission. Oregon and Utah provide that the district attorney of the county of violation is to commence action upon request of the commission. Four states specify that the attorney general of the state is to institute action on the request of the commission. The New York Law requires the counsel of the Commission to commence action in the Supreme Court of the State. The Law of Michigan makes a very wide provision for enforcement: "Said commission may use any and all available legal and equitable remedies of a civil nature to enforce the provisions of this act, or any lawful order, rule or regulation made in pursuance hereof." Three states, Nevada, Utah, and Wyoming provide specifically for the use of the injunction in enforcement. Although other states do not provide specifically for enforcement by the use

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2. Colorado Public Utilities Act, Section 60.
3. Utah Public Utilities Commission Act, Section 4842.
5. Oregon Law, Section 9. Utah Law, Section 4829.
of the courts, it is to be remembered that any violation of law is subject to court action, and that they are not without means of enforcement.

The injunction is one of the chief means of enforcement of the courts. The New York Court held that an injunction may or may not be granted since it is often a matter of discretion. It is customary for the New York Court to grant an injunction, however, when the rights of the plaintiff are clear. The injunction has been used in Washington and Illinois also for enforcement purposes. Prosecution may be launched by any person against violaters of the law.

**ENFORCEMENT OFFICIALS**

Some states do not leave it to the commission to enforce the law. Virginia has a Commissioner of Motor Vehicles vested with the powers of sheriff to enforce motor vehicle laws. North Carolina requires the Secretary of State, through the Automobile Department, to see that laws, rules and regulations are enforced. New Hampshire makes it the duty of the county solicitor in each county to enforce the provisions of the law. It must be recognized that all officials must do their part in enforcement. A ruling of the Massachusetts Commission expresses the necessity of constant vigilance: "No rules relating to the operating of jitneys can be self operative, and therefore constant vigilance should be exercised, both by

3. --Wash. --, 212 Pac. 339, Superior Court for King County,
   --Wash. --, 219 Pac. 845, Davis v. Clevinger, P. U. R. 1924 C. P. 153,
4. 205 N. Y. S. 394, 209 App. Div. 904, Traction Co. v. Walker,
   231 Mich. 246, 203 N. W. 948, People v. Carr.
7. Section 4, Chap. 86, Laws 1919 amended by Chap. 59, Laws 1921.
the state and local authorities to see that rules prescribed are constantly followed and enforced."¹

REHEARING BY THE COMMISSION

It often happens that parties think they have been mistreated by the decision of a commission, or that the decision was unlawful. New evidence may be available after a decision. It is only fair to both the aggrieved party and the commission to have a rehearing if the commission thinks there is sufficient grounds for it. A rehearing may save taking the case to the courts. Probably all of the commissions would grant a rehearing if sufficient grounds were shown, and eleven state laws authorize them.²

APPEAL TO THE COURTS

Not all of the state bus regulation laws provide for appeal to the courts, but probably all of the state courts would hear appeals. For instance, the Motor Vehicle Act of Oklahoma does not specifically provide for appeal from the Corporation Commission, but the Supreme Court of Oklahoma has held that it has the right to review such cases.³ The South Carolina law grants the right of appeal to any court of competent jurisdiction.⁴ Eight states provide for appeal to the district or circuit court,⁵ and sixteen states specifically provide for appeal to the supreme court of the state.⁶

³ Ex parte Sales, --Oklahoma--, 233 Pac. 186.
⁴ Section 12, Acts of South Carolina
⁵ Iowa, Kentucky, Minnesota, Nevada, North Dakota, Oregon, Wisconsin, and Wyoming.
COURT INTERPRETATION OF THE LAW

State courts are often called upon to interpret the state law in cases of appeal. Such cases involve such points as whether the commission has power or not over certain types of vehicle, and the extent of that power. The Arkansas Supreme Court held that the Acts of 1921 entitled the Arkansas Commission to regulate buses. Other cases before the state supreme courts have defined the extent of the power of the commissions.

CONSTITUTIONALITY OF THE STATUTES

The constitutionality of the statutes has not often been questioned since this matter had been pretty well decided upon when railroads were first placed under control of the commissions. Those cases that have been appealed have quite generally upheld the constitutionality of the statutes. If acts or parts of acts were held to be unconstitutional, it would afford considerable embarrassment to the commissions. A provision in the act itself for validation of all the act not held unconstitutional, and for repeal of portions held unconstitutional and inconsistent should save much trouble. Seventeen states have such clauses in their laws.

   Hissem v. Gurne --Ohio--, 146 N.E. 808.
   Ex parte Sales. --Okla.--, 223 Pac. 186.
   F. U. R. 1924 B. Page 785. --W. Va.--, 120 S.E. 612.
REVIEW OF THE ORDERS OF THE COMMISSION

The commissions are intended to be administrative bodies with powers little limited by other authorities. There is little gain in having a commission if every decision is going to be reviewed by a court. It is expedient, therefore, for the court to confirm the decision of the commission when at all possible. It is well that the courts have held that ordinary decisions of the commission are not open to review. But, more important is the fact that the courts have usually confirmed the decisions of the commissions when reviewed. The Illinois Supreme Court has reviewed several decisions of the Illinois Commission, holding that decisions of the Commission must be reasonable and lawful, and whether they are so or not as subject to review. The question of whether courts should have jurisdiction or not, and if so, how much, is a question of the value of our governmental scheme of checks and balances. The fact that we still cling to the system shows that most people favor its continuation. It must be disgusting to the commissioners to have their decisions reviewed by a court professing to be a specialist only on points of law. Aggrieved parties appealing their cases must ordinarily believe that it is worth the


   Davis & Banker v. Nickell. --Wash.--. 218 Pac. 198.
   P. U. R. 1923 E. Page 150. 309 Ill. 87. 140 N.E. 56.
money and trouble or they would not do so. Probably the courts have made their authority felt more on the question of interstate commerce than on any other question considered.

**INTERFERENCE WITH INTERSTATE COMMERCE**

The laws of twelve of the states having bus regulation provide that the law is not applicable to interstate commerce, except as permitted by the United States Constitution.¹ This provision permits the expression of opinions by the commissioners, and has been a source of many law suits. The commissions have quite generally held that they have authority over interstate commerce so long as it does not subject that business to unreasonable demands and is not opposed to Federal legislation.² The state courts have generally upheld the commissions in the exercise of this power.³ The California Supreme Court, however, held that the Commission had no jurisdiction where the operator was engaged solely in interstate commerce.⁴ The United States Supreme Court and the Federal Courts have for some time held that registration and licensing of automobiles and drivers was not invalid regulation of interstate commerce.⁵

   Camas Stage Co. v. Kozer. 104 Oregon 600, 209 Pac. 95.
In the case Buck v. Muykendall the Federal Court held that the Department of Public Works might deny a certificate authorizing interstate operation, in the absence of legislation by Congress governing such transportation. This case was appealed to the United States Supreme Court where the decision was reversed. This decision is so important to the future regulation of buses that a portion of the opinion of Justice Brandeis may well be given: "Laws Washington 1921, page 541, paragraph 4, prohibiting use of state highways by buses transporting passengers for hire over regular routes without certificate from director of public works, and prohibiting issuance of certificate where territory is adequately served, held violative of commerce clause of the United States Constitution, insofar as it prohibited operation of bus between point in state and point in other state, for which certificate had been denied because of adequacy of existing facilities over highways constructed with federal aid." The chief difficulty with the Washington Law is that it determines not the manner of use, but by whom the highways may be used. A similar decision was rendered the same day by the United States Supreme Court in the case of George W. Bush and Sons Co. v. Maloy et al., Public Service Commission of Maryland. In neither of these cases would the law have been declared violative of the commerce clause had not the commission been given the power of discretion in the matter of granting certificates. The Law of Michigan was held to be a burden on interstate commerce since it made a private carrier engaged in interstate commerce a common carrier requiring a certificate.

These decisions will undoubtedly cause many of the states to change their practices in granting certificates. While it is not necessary for interstate carriers to secure a certificate, as it is for intrastate carriers, they are subject to regulatory practices of the commissions for conserving public health, safety and welfare.

These recent Supreme Court cases have brought up the whole question of federal regulation. At the present time Congress is considering the passage of a bus regulation law. ¹ In the hearing before the Senate Interstate Commerce Committee, most speakers advocate merely review of the decisions of the state commissions by the Interstate Commerce Commission, where interstate commerce is involved. ² The states grudgingly give up the power of deciding whether certificates should be granted or not. ³ Indiana, Ohio, and West Virginia have attempted to come to some agreements in respect to interstate commerce to keep the question out of the courts. ⁴ Whether this will be successful or not remains to be seen.

The recent trend in bus regulation indicates that the history of railroad regulation is to be repeated. Bus transportation can not be very extensively developed without bringing up the questions of interstate commerce. It is estimated that at present only ten per cent of bus transportation enters into interstate commerce but this condition can not long continue if the development continues. ⁵ The future alone can tell the place of the bus in the transportation system.

¹. See Senate Document 1734 of the 69th. Congress, first session.
## APPENDIX A

### STATE COMMISSIONS EXERCISING POWER

<table>
<thead>
<tr>
<th>State</th>
<th>Commission</th>
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<tr>
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<tr>
<td>Arkansas</td>
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<tr>
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<td>Railroad Commission</td>
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<tr>
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<tr>
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<td>Massachusetts</td>
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<td>Railroad and Warehouse Commission</td>
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<td>Railway Commission</td>
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<td>State</td>
<td>Commission</td>
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<td>Wyoming</td>
<td>Public Service Commission</td>
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### APPENDIX E

**INDEMNITY BOND OR INSURANCE SCHEDULES**

(Precribed by various states)

By Idaho, Oregon, Michigan, Montana, North Carolina, and Washington:

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By Arizona, Oklahoma, South Carolina, and Virginia:

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APPENDIX C
FEES AND TAXES

EXTRA LICENSES

California, Filing fee $50.00
Minnesota, Filing fee $50.00
Transfer fee $25.00
Duplicate certificate fee $3.00

Montana, Mortgage fee $3.00
Duplicate certificate fee $2.50
Duplicate official receipt fee $1.00

Oregon, Vehicle fee $10.00

South Dakota, Application fee $10.00

Washington, Application fee $25.00
Transfer fee $5.00
Mortgage fee $5.00
Duplicate certificate fee $3.00

CAPACITY TAXES

Alabama, city of 5,000-30,000 $100.00 for 5 seats, $10.00 for each ex.,
city of 30,000-100,000 $150.00 for 5 seats, $10.00 for each ex.,

Arizona, per passenger capacity mile $ of one mill

Kansas, 7 passenger capacity § 40.00 per year
6-12 " " $90.00 " "
13-18 " " $140.00 " "
19-24 " " $180.00 " "
25- " " $230.00 " "

Kentucky, 5 passenger capacity $ 11.50 per year
6-8 " " $40.00 " "
8-20 " " $200.00 " "
20- " " $300.00 " "

Maryland, 3,000 lbs, per passenger ton mile 1/20 of one cent.
Solid tired:
3,000-7,000 lbs, " " " " 1/16 " " "
7,000- " " " " 1/12 " " "
Pneumatic tired:
3,000-8,500 lbs, " " " " 1/18 " " "
8,500- " " " " 1/18 " " "

<table>
<thead>
<tr>
<th>Location</th>
<th>Passenger Capacity</th>
<th>License Fee per Year</th>
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<tbody>
<tr>
<td>Montana, 5</td>
<td>6-10</td>
<td>$8.00</td>
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<tr>
<td></td>
<td>11-20</td>
<td>$10.00</td>
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<tr>
<td>North Dakota, 8</td>
<td>8-15</td>
<td>$15.00</td>
</tr>
<tr>
<td></td>
<td>16-24</td>
<td>$25.00</td>
</tr>
<tr>
<td>Ohio, 7</td>
<td>7-12</td>
<td>$40.00</td>
</tr>
<tr>
<td></td>
<td>13-16</td>
<td>$140.00</td>
</tr>
<tr>
<td></td>
<td>18-24</td>
<td>$180.00</td>
</tr>
<tr>
<td></td>
<td>24-</td>
<td>$230.00</td>
</tr>
<tr>
<td>South Carolina, 25</td>
<td>25-</td>
<td>$50.00</td>
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<td></td>
<td></td>
<td>$100.00</td>
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<tr>
<td>Virginia,</td>
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<td>$1.00</td>
</tr>
<tr>
<td>per passenger mile</td>
<td></td>
<td>1/50 of one cent</td>
</tr>
<tr>
<td>West Virginia,</td>
<td></td>
<td>$1.00</td>
</tr>
<tr>
<td>per passenger mile</td>
<td></td>
<td>1/50 of one cent</td>
</tr>
<tr>
<td>Iowa, per ton mile</td>
<td></td>
<td>$1.00</td>
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<tr>
<td>for pneumatic tires</td>
<td></td>
<td>1/2 of one cent</td>
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<tr>
<td></td>
<td></td>
<td>solid</td>
</tr>
<tr>
<td>Michigan,</td>
<td></td>
<td>$1.00</td>
</tr>
<tr>
<td>per hundred pounds weight</td>
<td></td>
<td>1/5 of one cent</td>
</tr>
</tbody>
</table>

**GROSS INCOME TAXES**

- Connecticut: 3% less other taxes per year
- Idaho: 5% per year
- Nevada: 4% less other licenses per year
- North Carolina: 6% per year
- South Dakota: 3% for buses using pneumatic tires
  4% for buses using other tires
- Washington: 1% if needed for administration

**MILEAGE TAXES**

- Oklahoma: 1/5 of one cent per mile
- Utah: 2½ miles per passenger mile for passengers actually carried
## APPENDIX D

### UNIFORM SYSTEM OF ACCOUNTS FOR AUTO TRANSPORTATION COMPANIES

(Preceded by North Dakota)

### BALANCE SHEET

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
</tr>
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<tbody>
<tr>
<td>Current Assets</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>1. Cash</td>
<td>12. Notes Payable</td>
</tr>
<tr>
<td>3. Accounts Receivable</td>
<td>14. Other Current Liabilities</td>
</tr>
<tr>
<td>4. Material &amp; Supplies</td>
<td>15. Accrued Liabilities</td>
</tr>
<tr>
<td>5. Other Current Assets</td>
<td></td>
</tr>
<tr>
<td>7. Investments</td>
<td>16. Long Term Debt</td>
</tr>
<tr>
<td>Funds</td>
<td></td>
</tr>
<tr>
<td>8. Depreciation Fund</td>
<td>Unadjusted Credits</td>
</tr>
<tr>
<td>9. Capital Reserve Funds</td>
<td>17. Accrued Depreciation</td>
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<tr>
<td>10. Property &amp; Equipment</td>
<td>18. Other Unadjusted Credits</td>
</tr>
<tr>
<td>11. Unadjusted Debts</td>
<td>Invested Capital</td>
</tr>
</tbody>
</table>

### PROPERTY AND EQUIPMENT ACCOUNTS

- C-1. Passenger Cars
- C-2. Trucks and Trailers
- C-3. Shop Equipment
- C-4. Furniture and Office Appliances
- C-5. Real Estate and Buildings
- C-6. Other Property and Equipment
- C-7. Intangible Capital

### OPERATING REVENUE ACCOUNTS

- R-1. Passenger Revenue
- R-2. Freight Revenue
- R-3. Express Revenue
- R-4. Baggage Revenue
- R-5. Mail Revenue
- R-6. Other Operating Revenue
## OPERATING EXPENSE ACCOUNTS

<table>
<thead>
<tr>
<th>Account Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>B-1</td>
<td>Transportation Expenses</td>
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<tr>
<td>B-2</td>
<td>Wages of Drivers</td>
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<tr>
<td>B-3</td>
<td>Tires</td>
</tr>
<tr>
<td>B-4</td>
<td>Gasoline and Oil</td>
</tr>
<tr>
<td>B-5</td>
<td>Rent of Equipment</td>
</tr>
<tr>
<td>B-6</td>
<td>Outside Repairs to Cars</td>
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<tr>
<td>B-7</td>
<td>Wages to Shopmen</td>
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<tr>
<td>B-8</td>
<td>Shop Operation Expenses</td>
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<tr>
<td>B-9</td>
<td>Car Repair Materials and Supplies</td>
</tr>
<tr>
<td>B-10</td>
<td>Repairs to Shops and Shop Equipment</td>
</tr>
<tr>
<td>B-11</td>
<td>Depreciation of Transportation Capital</td>
</tr>
<tr>
<td>B-12</td>
<td>Other Transportation Expenses</td>
</tr>
<tr>
<td>B-13</td>
<td>Station Expenses</td>
</tr>
<tr>
<td>B-14</td>
<td>Salaries of Station Employees</td>
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<td>B-15</td>
<td>Rent of Stations</td>
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<td>B-16</td>
<td>Other Station Expenses</td>
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<tr>
<td>B-17</td>
<td>General Expenses</td>
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<tr>
<td>B-18</td>
<td>General Office Salaries</td>
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<td>General Office Rents</td>
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<td>Rent of Terminal Facilities</td>
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<td>B-21</td>
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<td>Other Insurance</td>
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<td>Law Expenses</td>
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<td>B-24</td>
<td>Regulatory Expenses</td>
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<td>B-25</td>
<td>Injuries, Loss and Damage</td>
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<td>B-26</td>
<td>Depreciation of General Capital</td>
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<td>B-27</td>
<td>Other General Expenses</td>
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### Profit and Loss Statement

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<th>No.</th>
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<th>Amount</th>
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<tr>
<td>101</td>
<td>Operating Revenues</td>
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<tr>
<td>102</td>
<td>Operating Expenses</td>
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<tr>
<td></td>
<td>Net Revenue</td>
<td>$xxxx</td>
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<tr>
<td>103</td>
<td>Taxes</td>
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<tr>
<td>104</td>
<td>Uncollectible Revenue</td>
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<tr>
<td></td>
<td>Operating Income</td>
<td>$xxxx</td>
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<tr>
<td>105</td>
<td>Revenue from Auxiliary Operations (net)</td>
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<tr>
<td>106</td>
<td>Non-Operating Revenue (net)</td>
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<tr>
<td></td>
<td>Gross Income</td>
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<td>DEDUCTIONS FROM GROSS INCOME</td>
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<tr>
<td>107</td>
<td>Interest on Long Term Debt</td>
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<tr>
<td>108</td>
<td>Interest on Floating Debt</td>
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<tr>
<td>109</td>
<td>Other Deductions from Gross Income</td>
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<tr>
<td>110</td>
<td>Income and Surtaxes</td>
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<tr>
<td></td>
<td>Net Income</td>
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<tr>
<td></td>
<td>Unreserved Capital at Beginning of Year</td>
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<tr>
<td>111</td>
<td>Contributions of Capital</td>
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<tr>
<td>112</td>
<td>Miscellaneous Additions to Capital</td>
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<td>Appropriations to Capital Reserves</td>
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<tr>
<td>113</td>
<td>Withdrawals of Profits</td>
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<tr>
<td>114</td>
<td>Other Deductions from Capital</td>
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<td>Unreserved Capital at Close of Year</td>
<td>$xxxx</td>
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<tr>
<td></td>
<td>(as per balance sheet)</td>
<td>$xxxx</td>
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</tbody>
</table>
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<table>
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<th>State</th>
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<tr>
<td>Arkansas</td>
<td>Rules and Regulations, 1925, Case No. 507.</td>
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<tr>
<td>California</td>
<td>Rules and Regulations, 1925, Decision No. 4814.</td>
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<td>JITNEY RULES AND REGULATIONS, Jan. 1, 1926.</td>
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<td>Rules and Regulations.</td>
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<td>Iowa</td>
<td>Rules and Regulations, 1926.</td>
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<td>Rules and Regulations, 1925, Dock No. 7460.</td>
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<td>Rules and Regulations, General Order Nos. 4900, 4960.</td>
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<td>Case No. 339, Orders 6329, 6969.</td>
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<td>Nebraska</td>
<td>Resolution No. 86; Supplemental Orders 2,3.</td>
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<td>New Jersey</td>
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<td>New York</td>
<td>Case Nos. 596, 2274.</td>
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<td>Rules and Regulations, Cause No. 5029, Order No. 2219.</td>
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